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ABSTRACT

The development of "New Apprenticeships" reflects the need to strengthen employment-based training in Australia. The strengths and tradition of Australia's existing system must be built upon; inflexibilities that reduce options and choice must be removed. It is a four-stage process: development of policy principles, establishment of a national policy framework, agreement to implementation arrangements, and implementation at national and state/territory levels. Two issues are crucial in implementation of user choice: separation of roles and apprentices already under contract. Designed to make regulation of national training arrangements simpler and more flexible, the National Training Framework consists of two interconnected key features: new recognition arrangements and training packages. A regulatory framework has three points of regulation: training package endorsement, training provider registration, and signing of the training agreement. Issues related to implementation of New Apprenticeships include definition, funding priorities, and access. Main recommendations for group training propose a move to purchasing outcomes through a per capita payment reflecting the real costs of serving apprentices and trainees. Changes to data collection systems to capture new information would facilitate monitoring of New Apprenticeships. (Half the document contains these appendixes: a report on the implementation of user choice, model training agreement, and report on national principles for group training.) (YLB)

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The Report of the ANTA Board on the Implementation of NEW APPRENTICESHIPS (including User Choice)

AUSTRALIAN NATIONAL TRAINING AUTHORITY

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The Report of the ANTA Board on the Implementation of NEW APPRENTICESHIPS (including User Choice)

AUSTRALIAN
NATIONAL TRAINING
AUTHORITY

May 1997

Explanatory Note

This report ***The Implementation of New Apprenticeships (including User Choice)*** *represents the decisions made by the ANTA Ministerial Council in May 1997 based on advice from the ANTA Board. The relevant resolutions of Ministers are reported in a separate section in front of the report.*

Also attached are the documents titled ***Report to the ANTA Ministerial Council on the Implementation of User Choice****, the* ***'Model' Training Agreement*** *and the* ***Report to the ANTA Board on National Principles for Group Training****.*

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Attachment B: 'Model' Training Agreement

Attachment C: Report to the ANTA Board on National Principles for Group Training

Preface

The Ministerial Council of May 1997 marked the end of the second stage in the development of New Apprenticeships by establishing a detailed policy framework for employment based training in Australia.

Announcing the Government's initiative to modernise apprenticeship and traineeship training, Dr Kemp, Minister for Schools and Vocational Education and Training, recognised the vital role that employment based training plays in expanding employment opportunities, especially for young people.

At the May 1996 Meeting of the Ministerial Council, Ministers endorsed a set of objectives and principles to underpin the development of New Apprenticeship arrangements and requested the ANTA Board to establish an Industry Reference Group. This Group was established with representation from industry, the ACTU, public and private providers of VET, State Training Authorities and was chaired by Stella Axarlis, member of the ANTA Board.

The Industry Reference Group presented its report to Ministers in September 1996. Ministers endorsed the proposals of the Reference Group as the basis of future reform of apprenticeships and traineeship systems and agreed that additional work and decisions were required in order to give effect to the proposals.

Substantial work on the elements of the Industry Reference Group proposals was undertaken by the Australian National Training Authority through an extensive consultation process involving industry, community and government bodies. the Commonwealth.

Building on this work, the Board of ANTA provided a report to the Ministerial Council setting out a comprehensive set of recommendations which establish a detailed policy framework for the implementation of New Apprenticeships.

In providing the basis for Ministers' decisions on the development and implementation of New Apprenticeships, the ANTA Board Report covers a wide range of issues which have been the subject of extensive consultation with States, Territories, the Commonwealth and industry.

The resolutions adopted by the Ministerial Council provide a policy framework for New Apprenticeship arrangements which will strengthen employment based training in Australia and assist Australian enterprises to

maximise their opportunities to successfully compete in domestic and global markets.

Within this policy framework, State and Territory governments will proceed to implement New Apprenticeship arrangements, putting in place legislative changes appropriate to each jurisdiction and reviewing regulatory processes to streamline the system as agreed by Ministers.

There remain still some outstanding policy issues for resolution. Further work will be undertaken in terms of funding for Group Training Companies and assistance to overcome constraints to growth and effective transition to new arrangements. The participation of Group Training Companies in promoting New Apprenticeship arrangements, particularly for small business, is seen as an essential element in the implementation of new arrangements for apprentices and trainees.

While Ministers have agreed, that as much as possible, the same arrangements as apply generally for New Apprenticeships will apply to New Apprenticeships in schools, there are implications for implementation which will need further consultation and resolution.

Similarly, Ministers endorsed the report on User Choice, but noted that further work will be required at a State/Territory level during implementation to resolve some issues.

Ministers noted the progress with the development of National Training Packages which will be the lynchpin of the new arrangements, identifying pathways to qualifications which can be undertaken through an apprenticeship or traineeship. While agreement was reached separately at the Ministerial Council on the Australian Recognition Framework, further work will be undertaken on elements such as standards, performance measures, protocols for audit and monitoring.

Together with further work on resourcing, management information needs and access and equity issues, these remaining outstanding policy issues will constitute the third stage of development of New Apprenticeships. It is in the implementation of the decisions of the Ministerial Council, recorded in this document, that employers and employees will experience new flexibilities and choice - making employment based training more attractive to businesses and more rewarding in terms of recognised training for young people.

Ministers Resolutions - New Apprenticeships (User Choice) May Ministerial Council

Progress to Date and Implementation

Ministers:

(i) noted progress to date with the development of the national policy framework, including implementation by the States, Territories, Commonwealth and ANTA;

(ii) agreed that, through a series of bilateral negotiations, ANTA, the Commonwealth, States and Territories will formally negotiate implementation of the national policy framework in the form of implementation plans, identifying specific responses to key elements of the framework and performance measures, with the outcomes of the negotiations to be considered by Ministers in November; and

(iii) agreed that the existing arrangements, involving the CEOs Committee, ANTA Board Advisory Committee and ANTA Board, continue in relation to providing advice and monitoring implementation of New Apprenticeships.

User Choice

Ministers endorsed the Report to MINCO on the Implementation of User Choice at Attachment A to the ANTA Board Report, including, and subject to, the following:

(i) noted the work undertaken on issues and administrative arrangements, and that none of the issues identified by Ministers in September 1996 now constitute an impediment to implementing User Choice in 1998 in accordance with the User Choice Policy Principles. However, further work will be required at a State/Territory level during implementation to resolve some issues;

(ii) endorsed the Statement of User Choice Policy;

(iii) endorsed Common Costing Principles for User Choice, at Appendix (1) to the User Choice Report;

(iv) agreed that all registered training organisations registered to provide appropriate training will be available for selection by clients subject to 2.6 (viii) of the User Choice Report;

(v) endorsed the 'Guidelines for Managing Interstate Training Activity under User Choice' at Appendix (2) of the User Choice Report with the addition of the following words to the second last paragraph on page 1 "Where the host State/Territory unit cost is lower, the home State/Territory shall pay the equivalent cost of the host State/Territory";

(vi) agreed that third party access is a desirable element of User Choice and noted that it will be pursued within the context of State and Territory approaches to implementing competition policy;

(vii) agreed that User Choice will apply to all commencing apprentices and trainees on 1 January 1998, and that States and Territories will determine their own transition arrangements for continuing apprentices and trainees from 1 January 1998 (WA indicated that User Choice would be implemented on a managed basis);

(viii) agreed that the Commonwealth, States and Territories develop marketing strategies and products to promote User Choice under the New Apprenticeships System and 1997 User Choice National Project funds be allocated to States and Territories as in Appendix (3) to the User Choice Report;

(ix) agreed that a Training Program Outline must be attached to all Training Agreements;

(x) agreed that States and Territories will determine the content of the Training Program Outline, within the nationally agreed framework;

(xi) agreed to reconsider User Choice in 1999 on the basis of a report on the Evaluation of User Choice conducted in accordance with the Evaluation Project Brief at Appendix (4) to the User Choice Report; and

(xii) agreed to endorse the Addendum for User Choice in New Apprenticeships and its inclusion in State and Territory 1997 Profiles for reporting in June 1997 as in Appendix (5) to the User Choice Report.

(xiii) noting the opposition of NSW, WA and the ACT to the resolution, agreed, in principle, that the separation of roles between purchaser and provider is desirable under User Choice and that this issue will be pursued at the State/Territory level'.

(xiv) agreed to the addition of the following new sentence at the end of Section 1.7 of the User Choice Report:

- "However, where a specific request for continuing apprentices to move to User Choice arrangements is made by clients then this would be considered by States/Territories on a case by case basis. The relevant State/Territory Training Authority should be satisfied that any change that involves a change of provider has the genuine agreement of the apprentice/trainee."

(xv) noted that NSW reserved its position on User Choice.

National Training Framework

Ministers:

(i) noted progress with the development of training packages;

(ii) noting the New South Wales position on legislative change, Ministers:

- will expedite required legislative change within their respective States/Territories in relation to the implementation of the National Training Framework

- agreed to take all necessary measures to facilitate the implementation of the National Training Framework under existing legislative arrangements pending legislative change

New Apprenticeships: Regulatory Arrangements

Ministers:

(i) noting that NSW will continue to recognise apprenticeships/ traineeships under statute, agreed that apprenticeships and traineeships under New Apprenticeships should be defined in terms of a pathway to a qualification as identified in a Training Package and not by legislation;

(ii) agreed that the following represent the major points of regulation for New Apprenticeships:

- endorsement of the Training Package;
- registration of the Training Provider;
- signing of the Training Agreement between the employer and apprentice or trainee.

(iii) noted the 'model' training agreement at Attachment B to the ANTA Board Report;

(iv) agreed to the national application of the national characteristics and outcomes of the 'model' training agreement set out at paragraphs 5.2.13 and 5.2.14 of the Report;

(v) agreed that States and Territories will develop their own mechanisms and procedures to deal with validation, registration, appeals, termination, time periods and delegations, having regard to the statement of good practice set out at Attachment C to the ANTA Board Report

Resourcing New Apprenticeships

Ministers:

(i) agreed that, to be a New Apprentice an individual must meet all of the following defining characteristics of a New Apprenticeship:

- is a signatory to a training agreement (registered with, and validated by, a State/Territory Training Authority) which will facilitate the objectives of the training program and which protects the interests of both parties, and is employed under an award, registered agreement or other contract of employment.

- is involved in paid work and structured training which may be on and off the job.

- is undertaking a negotiated training program responsive to client choice that involves obtaining a nationally recognised qualification (meeting a specified package of endorsed standards).

(ii) agreed to consider discontinuing use of the term 'entry level training' in the context of the definition of a New Apprenticeship;

(iii) agreed that apprentices/trainees who meet the characteristics under (i) are New Apprentices, irrespective of the industrial relations arrangements under which the apprentice/trainee is employed and whether the training program is based on a Training Package or a declared vocation;

(iv) noted both the recent progressive decline in apprenticeship funding as a proportion of total VET funding and the general traditional access of apprentices and trainees to public funding for off the job training;

(v) agreed that New Apprenticeships are a high priority to be accommodated within the VET sector.

(vi) subject to paragraph (vii), agree that access to a publicly funded training place as a New Apprentice be based on an individual:

(a)
- falling within the definition of a New Apprenticeship;
- not currently or previously having continuing full time employment in the enterprise in relation to which the training will take place

or

(b) being an out-of-trade apprentice/trainee

(vii) agreed that for an individual meeting the definition of a New Apprentice and currently employed in the enterprise in relation to which the training will take place, a State/Territory may negotiate to fund at their discretion the off the job training delivery for that individual where such funding is consistent with the priorities set by that State/Territory;

(viii) agreed that the funding referred to in (vii) may not extend to payment of State/Territory concessions and subsidies and note that it would not attract Commonwealth incentives and subsidies;

(ix) noted that States and Territories have agreed to the development of a set of nationally agreed funding principles to underpin purchasing support for apprenticeships/traineeships delivered on the job;

(x) agreed that further costing work will be undertaken to allow the issue of 'who pays' to be addressed in more detail in relation to delivery costs, transition costs and incentive payments; and

(xi) agreed that the arrangements agreed to above be kept under review in light of the experience of growth in New Apprenticeship numbers.

National Principles for Group Training

Ministers:

(i) adopted the National Principles for Group Training set out in the report of the ANTA Board Advisory Committee 'National Principles for Group Training' at Attachment D to the ANTA Board Report;

(ii) agreed that the allocation of Joint Policy funds by Governments be based on the employment of apprentices and trainees in group training;

(iii) agreed that the expansion of apprenticeship and traineeship opportunities be pursued through purchasing outcomes;

(iv) agreed that group training outcomes be purchased with a 'per capita' payment for each apprentice or trainee;

(v) agreed in principle to move to a nationally consistent approach for the establishment of per capita payments and that options for an approach will be subsequently developed for consideration by Ministers;

(vi) agreed that further work be undertaken to establish the appropriate per capita payment for each apprentice or trainee, taking into account the concerns expressed during the public consultations. This work, to be developed for consideration by Ministers in November, should also consider the:

- quantitative and qualitative components of the outcome to be purchased and the distinction between the components which will be paid for by Governments and by industry, also taking account of Commonwealth employer incentives and wage subsidies
- real cost differences between providing group training services in different industry and regional sectors and with different individual apprentices and trainees, including those from client groups
- total amount of public funding available for group training

(vii) agreed that further work be undertaken to establish effective ways to assist group training schemes overcome the constraints to growth which result from a lack of working capital;

(viii) agreed that the States/Territories consider purchasing outcomes from bodies which are outside the existing network of Joint Policy funded group training schemes , including bodies which are not group training schemes, and which can meet established performance standards;

(ix) agreed that the contribution of group training in the following areas will be monitored at State/Territory and national levels:

- the overall expansion of the number of apprenticeships and traineeships

- equitable access to, and outcomes from, group training for members of client groups;

(x) agreed that further work be done to develop and implement specific strategies to:

- support the uptake of apprenticeship and traineeship opportunities by small businesses, including those addressing concerns about worker's compensation premiums;
- to support the uptake of entry level training opportunities in new industries and occupations;
- to promote the access to, and outcomes from, group training for client groups.

(xi) agreed that, subject to the endorsement of the above recommendations, an implementation plan be developed and agreed by ANTA, the States/Territories and the Commonwealth to ensure the effective transition to the new arrangements for group training;

(xii) agreed that ANTA, the States/Territories and the Commonwealth should agree on a timeline for implementation of the new arrangements; and

(xiii) agreed that the ANTA Board provide a further report to Ministers in November on progress with implementation of the recommendations in relation to group training.

New Apprenticeships for School Students

Ministers:

(i) agreed that, as far as possible, the regulatory and administrative arrangements relating generally to New Apprenticeships should apply to New Apprenticeships in schools; and

(ii) noted that NSW and WA reserves their positions on this matter.

Management Information Needs

Ministers:

(i) agreed, subject to preliminary costings to be prepared by NACVETS, to appropriate revisions to the management information systems to support the implementation of New Apprenticeships, including User Choice; and

(ii) agreed that the substantive work be referred to NACVETS if the costings referred to in (i) are satisfactory

The Report of the

ANTA Board

on the Implementation of

NEW APPRENTICESHIPS

(including User Choice)

1. Executive Summary

1.1 The development of New Apprenticeships reflects the need to strengthen employment based training in Australia. The combination of on and off the job training through the apprenticeship system has always had the strengths of directly meeting the needs of business and providing quality skills development to many young people entering the workforce.

1.2 A flexible and high quality entry level training system is necessary to accommodate the increasing diversity of Australia's enterprises and to maximise their opportunities to successfully compete in domestic and global markets.

1.3 To achieve this objective, the strengths and tradition of the existing apprenticeship system must be built upon, including the unique characteristics of the employer/apprentice relationship which protects the interests of both parties, while the inflexibilities which reduce options and choice at the enterprise level and inhibit effective national recognition of outcomes must be removed.

1.4 Above all, New Apprenticeships must be attractive to employers and employees. New Apprenticeships must be seen as making a difference - contributing to the 'bottom line' performance of individual businesses and individuals themselves. In this context, it is important to note that in making a judgement about the value of structured training a key factor is the perception of the employer about general business conditions and the impact of these on short to medium term business prospects.

1.5 From the perspective of the individual employer and prospective New Apprentice, the system itself must not be an impediment. There should be a logical and straight forward sequence of steps which maximise flexibility and choice and assure quality outcomes. In particular, the system should provide an opportunity for clients to play an active role in determining the content of the training, the way it is to be delivered and who is to do the delivering.

1.6 In introducing the sequence of straightforward steps to put the employer and prospective New Apprentice together, a range of policy and administrative decisions are needed. In essence, the Report from the ANTA Board is about putting the basis for these decisions to Ministers.

1.7 The significance of the initiatives considered in the Report go beyond New Apprenticeships and will provide a bridge to broader reform of the national vocational education and training system.

User Choice

1.8 Against the background of a separate Report to MINCO on the Implementation of User Choice (Attachment A to the Report), the Board Report proposes a position on the full range of issues required for User Choice to be fully operational for New Apprenticeships from 1 January 1998.

National Training Framework

1.9 The Report discusses the National Training Framework, setting out progress with the Australian Recognition Framework and Training Packages, and puts in place arrangements for the transition to a fully operational framework for training at the national level.

Regulatory Framework

1.10 Arrangements for a common regulatory framework for all training are developed against the principle that regulation will only be used to the extent it is necessary to underpin resource allocation and funding arrangements, to ensure quality training outcomes and to protect parties to training arrangements. Specifically, three points of regulation are outlined:

- endorsement of the Training Package
- registration of the Training Provider
- signing of the Training Agreement between the employer and New Apprentice

1.11 A 'model' training agreement is attached to the Report (Attachment B). There is agreement on a range of characteristics and outcomes of the training agreement that are appropriate for general national application. In relation to a number of other characteristics and outcomes of the training agreement (set out at Attachment C to the Report) there is a difference of opinion. The States/Territories accept that these represent good practice but do not consider they should be minimum requirements to be adopted by States/Territories. The Board believes they do represent minimum requirements, albeit with the detail of the requirements to be a matter for each State/Territory.

Resourcing

1.12 The ANTA Board recognises the fundamental need to address issues in relation to the resourcing of New Apprenticeships and does so by proposing resourcing parameters, including:

- addressing the defining characteristics of a New Apprenticeship

- suggesting that, consistent with current practice, New Apprenticeships have a priority over all other priorities to be accommodated within the vocational education and training sector (this position is preferred by the ANTA Board, the Commonwealth and Victoria but not so by the other States/Territories which would prefer to characterise the priority of New Apprenticeships as a high priority to be accommodated within the VET sector)

- concluding that access to a publicly funded training place as a New Apprentice should be based on an individual:

  - falling within the definition of a New Apprenticeship and not currently or previously having continuing full time employment in the enterprise in relation to which the training will take place; or

  - being an out-of-trade apprentice/trainee

1.13 The importance of continuing to address the skill needs of the existing work force is emphasised in the Report.

Group Training

1.14 The key role of group training in improving the performance of the apprenticeship and traineeship system and in boosting the number of apprenticeship and traineeship opportunities for young people is supported by a set of proposed National Principles for Group Training based upon a report of the ANTA Board Advisory Committee (Attachment D to the Board Report).

1.15 The main recommendations in the group training report propose a move to purchasing outcomes through a per capita payment reflecting the real costs of servicing apprentices and trainees.

1.16 Arrangements for the commencement of New Apprenticeships in schools are briefly discussed, as are the management information needs required to measure and evaluate the impact of New Apprenticeships, including User Choice.

Implementation

1.17 The ANTA Board is aware that there has been significant progress over the past 12 months in developing the policy framework for New Apprenticeships. The Board is also aware that, in a number of respects, the States and Territories are already moving in the direction of actual

implementation of the national agenda, represented by the Report's recommendations, within their respective systems.

1.18 These implementation arrangements will be formalised in a series of State/Territory implementation plans, to be considered by Ministers in November, which identify specific responses to key elements of the national policy framework.

1.19 In relation to the provision of advice and monitoring the implementation of New Apprenticeships, the existing arrangements, involving the CEOs Committee, ANTA Board Advisory Committee and ANTA Board, are proposed.

2. Background

2.1 In May 1996, Ministers endorsed the aims, objectives and key principles of the Modern Australian Apprenticeship and Traineeship System (MAATS) and provided in principle endorsement of the broad mechanisms for implementation.

2.2 In July 1996, Ministers noted progress on MAATS as a national co-operative policy and affirmed the key partnership role of ANTA and State/Territory Training Authorities in the planning of training. Ministers also commissioned specific work from ANTA on User Choice.

2.3 In September 1996, Ministers endorsed the proposals of the MAATS Industry Reference Group as the basis of future reform of the apprenticeship and traineeship system and requested the ANTA Board provide further advice on a range of issues, including resourcing, User Choice, training packages, the Australian Recognition Framework, VET in schools and transitional arrangements. An advisory group, with industry and government representatives, was formed to assist the Board develop its advice. Ministers also agreed to further work in relation to the Australian Workplace Relations legislation, entry level training support services, marketing, User Choice and VET in schools.

2.4 In November 1996, Ministers noted progress with the implementation of MAATS and an interim Report on User Choice. The objectives of the National Training Framework and features of the Australian Recognition Framework were endorsed.

2.5 This Report from the ANTA Board is in response to the request from Ministers for further advice in relation to the full implementation of MAATS.

2.6 The Report is in three parts:

Part 1: outlines progress to date with the implementation of New Apprenticeships

Part 2: deals with User Choice, including the Report to MINCO on the Implementation of User Choice

Part 3: considers the following outstanding key policy issues in relation to which the ANTA Board is responsible for co-ordinating advice to Ministers

- National Training Framework
- New Apprenticeships: Regulatory Arrangements

- Resourcing New Apprenticeships
- Group Training National Principles
- New Apprenticeships in Schools
- Management Information Needs

2.7 Separate advice to Ministers on marketing and infrastructure arrangements and access and equity will be provided by the Commonwealth and New South Wales respectively.

2.8 The ANTA Board is conscious that there has been no agreement by Ministers to the replacement of the term MAATS with 'New Apprenticeships'. The Board is, however, aware of the increasingly general currency of the latter description and has accordingly used it throughout the Report.

2.9 The issues canvassed in the Report have been the subject of extensive consultation and negotiation with State, Territory and Commonwealth officials and representatives of industry. In the light of these consultations, where appropriate, options have been presented to Ministers, with the ANTA Board's recommended approach and any significant alternative positions described.

2.10 If adopted by Ministers, the recommendations in this Report, together with those in the separate paper on the Australian Recognition Framework and the initiatives in relation to entry level training support services, will minimise and simplify the interaction between the 'system' and the individual employer and prospective New Apprentice. The following sequence of events represent the general steps that these clients of the system will need to step through to participate in the new arrangements.

2.11 Under New Apprenticeships, contact will be made between an employer deciding to take on an apprentice or trainee and the relevant industry association, State/Territory Training Authority, group training company, entry level training support services provider or an individual training provider. These bodies will be in a position to inform the employer on all aspects of what it means to employ a person as a New Apprentice.

2.12 The relevant national training package, which integrates nationally recognised and endorsed competency standards, assessment guidelines and qualifications, is then identified. The package will describe the appropriate apprenticeship or traineeship pathway.

2.13 Using the training package, the employer and employee are able to negotiate the right sort of training program for the business with a training provider and choose the provider to deliver the program. The program

includes the choice of units of competence within the package and the method, training and location for achieving those competencies.

2.14 The training program is approved, in some cases by the quality endorsed provider itself. Further, if it is an apprenticeship under an Australian Workplace Agreement, Certified Agreement or State/Territory equivalent, the local approving authority sets the mix of productive and non-productive time.

2.15 An outline of the program is attached to the Training Agreement which the employer and employee enter into as the formal contract defining the training relationship between the two. Public funds then flow to the training provider chosen to deliver the training.

2.16 The training will then be delivered, with an eventual outcome of a nationally recognised qualification within the Australian Qualifications Framework.

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3. Part 1

New Apprenticeships: Progress to Date and Implementation

3.1 The development of New Apprenticeships can be characterised as a four stage process:

1. *Development of Policy Principles*

- represented by the principles agreed by ANTA MINCO in May 1996 to underpin the development of MAATS

2. *Establishment of National Policy Framework*

- represented by the Industry Reference Group Report endorsed by Ministers in September 1996 and progress on related policy issues, including User Choice, national training packages and the Australian Recognition Framework.

Consideration of this Report from the ANTA Board by Ministers, together with advice from the Commonwealth Minister on marketing and infrastructure arrangements and the NSW Minister on access and equity issues, is designed to complete stage 2.

3. *Agreement to Implementation Arrangements*

Through a series of bilateral negotiations, ANTA, the Commonwealth, States and Territories will negotiate the implementation of the national policy framework in the form of implementation plans, identifying specific responses to key elements of the framework and performance measures. The outcomes of these negotiations will be considered by ANTA MINCO in November.

4. *Implementation at National and State/Territory Levels.*

ANTA, the Commonwealth and States/Territories will proceed to implement the elements of the national framework for which they are responsible, reporting on progress in the context of the Annual National Report.

3.2 The progress of the national VET system over the past 12 months in the area of apprenticeship reform, represented by the completion of stage 1 and significant development of stage 2, has been substantial. Specifically,

extensive work through a number of processes involving government officials and industry representatives has been undertaken to develop:

- strategies to ensure training providers are flexible and responsive to the needs of industry and enterprises
- streamlined and common regulatory arrangements emphasising quality assurance
- national training resources capable of better meeting industry and specific enterprise needs
- resourcing parameters which balance funding and VET policy imperatives
- strategies to enhance the role and opportunities for group training arrangements
- approaches which broaden and enhance the quality of the participation of school students
- an integrated approach to support services
- underpinning principles to support participation of the most disadvantaged

3.3 Ministers' consideration of the issues set out in this Report will mark the culmination, in many respects, of the work to date in pursuing these outcomes.

3.4 It would be a mistake, however, to conclude that progress to date has been limited to the theoretical development of the national policy framework for New Apprenticeships.

3.5 The ANTA Board is aware that in many respects the States and Territories are moving in the direction of actual implementation of the national agenda within their respective systems, or actively planning for its implementation.

3.6 The exercise of choice of provider and training by clients in some form is a fact in all States and Territories. In some cases this choice is significantly operating in the terms of the policy to be put to Ministers on User Choice, with coverage being extended from traineeships to apprenticeships. In others, the User Choice pilot program is being used to ensure a smooth administrative transition to full implementation on 1 January 1998.

3.7 ANTA has funded to date the development of 18 training packages across a wide range of industries based on initial priorities set by the National Training Framework Committee.

3.8 A number of States and Territories have quality frameworks in place for functions such as course accreditation, training delivery and skills recognition, leading to devolution and self-management of these matters by providers. Other States/Territories are well advanced in implementing quality frameworks which will need to dovetail with the proposals for the Australian Recognition Framework.

3.9 In relation to the provision of information and marketing, all States and Territories have activities in place to keep the clients of their systems up to date. The Commonwealth has sponsored a communications strategy and campaign for 'roll out' in mid 1997. Similarly, there is widespread participation in the demonstration programs for entry level training support services, co-ordinated by the Commonwealth.

3.10 States and Territories are also participating in the further introduction of VET into schools systems, and extending group training coverage. The legislative implications of the New Apprenticeship arrangements have also been considered, with States/Territories at various points in their planning or implementation.

3.11 In terms of the numbers commencing traineeships, there has been a significant increase - from some 19,200 in 1995 to over 44,000 in 1996. This increase, largely due to the success of NETTFORCE, is forecast to continue into 1997.

Recommendations

3.12 The ANTA Board recommends that Ministers:

(i) note progress to date with the development of the national policy framework, including implementation by the States, Territories, Commonwealth and ANTA

(ii) agree that, through a series of bilateral negotiations, ANTA, the Commonwealth, States and Territories will formally negotiate implementation of the national policy framework in the form of implementation plans, identifying specific responses to key elements of the framework and performance measures, with the outcomes of the negotiations to be considered by Ministers in November

(iii) agree that the existing arrangements, involving the CEOs Committee, ANTA Board Advisory Committee and ANTA Board, continue in relation to providing advice and monitoring implementation of New Apprenticeships

4. Part 2

User Choice

Background

4.1 In July 1996, the ANTA Ministerial Council agreed to the progressive implementation of User Choice during 1997 and to full implementation of User Choice for off the job training for apprentices and trainees from 1 January 1998.

4.2 In September 1996, Ministers endorsed a Statement of User Choice Policy and established the User Choice Taskforce, comprising State, Territory, Commonwealth and ANTA officials, to address a number of unresolved policy issues and to develop administrative guidelines for the implementation of User Choice (where a collaborative approach was deemed necessary).

4.3 The Taskforce Report, entitled 'Report to MINCO on the Implementation of User Choice', outlines the progress made in resolving outstanding issues and proposes recommendations on implementation of User Choice from 1 January 1998. It presents a revised statement of User Choice policy and includes objectives, definitions, principles and a description of User Choice in operation.

4.4 States and Territories concluded that the co-operative work on the administrative guidelines could be used simply as a guide, with the States and Territories responsible for implementation. The ANTA Board endorses this approach.

4.5 States and Territories have also agreed to report to Ministers in July on their progress against agreed performance standards for implementation of User Choice.

Issues

4.6 The ANTA Board is convinced that the implementation of User Choice is essential for the success of New Apprenticeships. As a strategy to develop an open, competitive and accountable training market, User Choice is critical to ensuring that training providers are flexible and responsive to the needs of industry and enterprises.

4.7 The Board considers that the Report to the ANTA Ministerial Council on the Implementation of User Choice (Attachment A) addresses the

outstanding issues identified by Ministers and supports the Report's conclusions. The Board recognises that some issues will require sensitive management by States/Territories in the implementation of User Choice.

4.8 The Board also recognises the significant commitment made by States and Territories and the significant transitional issues and adjustments which will flow from the implementation of User Choice.

4.9 The ANTA Board supports the revised Statement of User Choice Policy, including objectives, definition, principles and description of User Choice in operation, in the User Choice Report.

4.10 However, the ANTA Board holds the view that for User Choice to be fully effective, third party access to publicly funded facilities at a fair price, is important. The Board would therefore urge States and Territories to progress arrangements for third party access in their own States/Territories, as a matter of priority.

4.11 There are two issues on which the ANTA Board holds different views to those expressed in the User Choice Report to MINCO. These issues are:

- Separation of roles; and
- Apprentices already under contracts of training as at 1 January 1998.

4.12 An explanation of the differing views is provided below for consideration by Ministers.

Separation of Roles

ANTA Board view

4.13 The separation of purchaser and provider functions are fundamental to User Choice, and as such, there is a necessity for increased transparency of roles at the State and Territory level between purchaser and provider under new User Choice arrangements.

4.14 The ANTA Board recommends that Ministers agree, in principle, that the separation of roles between purchaser and provider is desirable under User Choice and that this issue will be pursued at the State/Territory level.

State/Territory view

4.15 States and Territories have argued that separation of roles is a 'structure of government' matter to be dealt with by State/Territory governments within their own policies.

Apprentices already under Contracts of Training as at 1 January 1998

ANTA Board view

4.16 User Choice should be made available to those clients who, whilst not in their commencing year, make specific User Choice requests to State/Territory Training Authorities.

4.17 The ANTA Board recommends to MINCO that Section 1.7 of the Report on the Implementation of User Choice be amended to add the following statement:

> 'However, where a specific request for continuing apprentices to move to User Choice arrangements is made by clients then it would normally be agreed to. The relevant State/Territory Training Authority should be satisfied that any change that involves a change of provider has the genuine agreement of the apprentice/trainee. Any rejections of requests from clients should be reported annually.'

State/Territory view

4.18 That User Choice will apply to all commencing apprentices and trainees on 1 January 1998, and that States and Territories determine their own transition arrangements for continuing apprentices and trainees from 1 January 1998.

Recommendation

4.19 The ANTA Board recommends that Ministers endorse the Report to MINCO on the Implementation of User Choice at Attachment A with two amendments:

(i) the addition of a recommendation on 'Separation of Roles'

- 'that Ministers agree, in principle, that the separation of roles between purchaser and provider is desirable under User Choice and that this issue will be pursued at the State/Territory level'.

(ii) the addition of a new sentence at the end of Section 1.7 of the Report *ie*:

- 'However, where a specific request for continuing apprentices to move to User Choice arrangements is made by clients then it would normally be agreed to. The relevant State/Territory Training Authority should be satisfied that any change that involves a change of provider has the genuine agreement of the apprentice/trainee. Any rejections of requests from clients should be reported annually.'

5. PART 3

New Apprenticeships: Key Policy Issues

5.1 National Training Framework

Background

5.1.1 In November 1996, Ministers endorsed the major features of a National Training Framework (NTF), designed to make the regulation of Australia's national training arrangements simpler and more flexible.

5.1.2 The NTF consists of two interconnected key features:

I. *New Recognition Arrangements* comprising revised and simplified arrangements (called the Australian Recognition Framework) for the recognition of training organisations and training products, and assuring the quality of training provision

II. *Training Packages* which integrate nationally available training products, including new assessment arrangements, with competency standards

5.1.3 The twin features of the NTF have a common emphasis on quality. The NTF will guarantee a quality vocational education and training system through introducing a series of quality checkpoints applying to competency standards, assessment guidelines and the registration process, as well as to organisations involved in developing and delivering training packages, skill recognition services and training programs.

5.1.4 An audit process, overseen by State and Territory Training Authorities and including industry representatives, will ensure registered training organisations are delivering the quality training products and services facilitated by the new recognition arrangements.

5.1.5 The NTF will also enable the regulation of institutional delivery of training to be brought together with the regulation of apprenticeships and traineeships which have been previously regulated through employment arrangements *eg* industrial awards and declared vocations. This particular outcome is discussed in the next section of the Board Report.

New Recognition Arrangements

5.1.6 The new recognition arrangements will concentrate not on detailed course by course accreditation, but on registering providers who can deliver quality training services and meet defined quality criteria. The registration will take place under the authority of State and Territory Training Authorities.

5.1.7 Mutual recognition by Training Authorities of their registration decisions will eliminate the need to duplicate registration processes in each State/Territory. Mutual recognition will also ensure that registered providers fully recognise and credit the outcomes of all other registered providers.

5.1.8 A separate paper for Ministers brings forward a series of proposals which together substantially reflect the proposed content of the Australian Recognition Framework. The proposals take the form of:

I. National Principles for the Registration of Training Organisations and Mutual Recognition

I. Draft national standards with their performance measures and operational protocols which will be finalised by the National Training Framework Committee in consultation with States, Territories and industry for MINCO approval out of session

Training Packages

5.1.9 Training packages are the resource that training organisations will use to develop training programs. They integrate nationally recognised and endorsed competency standards (either industry or enterprise based), assessment guidelines (developed and agreed by the relevant industry within broad national parameters) and qualifications. Training packages will encompass a range of training outcomes across a number of qualification levels and will describe apprenticeship and traineeship pathways.

5.1.10 Training packages can also include learning strategies containing advice on training programs and delivery, such as distance learning materials. This advice can help registered training organisations tailor training programs to suit particular enterprise needs. These components of training packages will not be endorsed by the National Training Framework Committee (NTFC).

5.1.11 ANTA has funded to date the development of 18 training packages across a wide range of industries based on initial priorities set by the NTFC. The first packages should be available in July. It is anticipated that 25 packages will be in place by the end of 1997. The packages identify the

qualifications which can be undertaken through an apprenticeship or traineeship pathway.

5.1.12 A consolidated list of priorities for all future training packages, by industry and sector, has been developed in consultation with States/Territories and the Commonwealth.

5.1.13 Draft guidelines for training package developers have been prepared in consultation with States, Territories and industry. The guidelines have been endorsed by the NTFC and ANTA Board.

Transitional Arrangements

5.1.14 Effective transitional arrangements are required to both facilitate new quality arrangements pending legislative change and to secure where necessary the continuation of existing arrangements for a minimum period of time.

5.1.15 There are a number of specific transitional issues associated with the implementation of the National Training Framework, including:

I. the need for States/Territories to have in place arrangements to facilitate the introduction of agreed reforms on declared vocations, training packages and provider registration pending legislative change

II. the need for dissemination of advance information on training packages

5.1.16 While the detail of these transitional arrangements will be worked through by officials, the ANTA Board proposes that Ministers:

I. seek to expedite required legislative change within their respective States/Territories

II. agree to take all necessary measures to facilitate the implementation of the NTF under existing legislative arrangements

5.1.17 The ANTA Board notes that New South Wales, while agreeing to align Training Packages to declared vocations wherever possible and to facilitate implementation of the NTF within existing legislation, has not agreed to amend legislation to accommodate New Apprenticeships including the NTF.

Recommendations

5.1.18 The ANTA Board recommends that Ministers:

(i) note progress with the development of training packages

(ii) noting the New South Wales position on legislative change:

- expedite required legislative change within their respective States/Territories in relation to the implementation of the National Training Framework

- agree to take all necessary measures to facilitate the implementation of the National Training Framework under existing legislative arrangements pending legislative change

5.2 New Apprenticeships: Regulatory Arrangements

Background

5.2.1 In September 1996, Ministers agreed to proposals designed to remove the major limitations on apprenticeship/traineeship arrangements imposed by the absence of any link to the national system of mutual recognition.

5.2.2 The first step in the process of developing a common regulatory framework for all training was marked by Ministers' agreement (with the exception of NSW) to remove the statutory process of declaring vocations. The second step is to integrate regulatory arrangements for apprenticeships and traineeships into the National Training Framework.

Issues

Definition of New Apprenticeship

5.2.3 The ANTA Board has considered the definition of an apprenticeship or traineeship under New Apprenticeships.

5.2.4 The Board considers that apprenticeships and traineeships should be defined by their essential characteristics and in terms of a pathway to a qualification as identified in a Training Package. They should not be defined by legislation, although the Board notes that New South Wales will continue to recognise apprenticeships/traineeships under statute.

5.2.5 The definition of a New Apprenticeship is considered in more detail in section 5.3.

Points of Regulation

5.2.6 In its September 1996 Report, the Industry Reference Group identified the key principle that regulation will only be used to the extent that it is necessary to underpin resource allocation and funding arrangements, to ensure quality training outcomes and to protect parties to training arrangements.

5.2.7 With the objective in mind of integrating the regulatory arrangements for New Apprenticeships with the National Training Framework, the ANTA Board proposes that New Apprenticeships should have three major points of regulation:

I. the endorsement, nationally, of the following components of a training package, *ie* the competencies to be attained, the assessment

guidelines and the outcomes of the training in terms of qualifications.

II. the registration of a training provider who will deliver a training program which outlines the competencies to be attained, based on the training package, and the proposed means by which they are attained by the person in training.

III. the entering into a training agreement , and its registration and validation, which represents the formal commitment of the parties (that is the employer and the person in training) to achieve the training outcomes defined in the package by means of the training program, and provides the basis for accessing wage arrangements under a relevant award or industrial agreement.

5.2.8 Each of these points of regulation is to be subject to quality assurance and audit processes to ensure consistent application of the Australian Recognition Framework. This is to ensure that training providers meet the desired quality criteria and standards.

5.2.9 Issues in relation to training packages and provider registration have been discussed earlier in the Report.

Training Agreement

5.2.10 The contract of training, or training agreement, is legally binding and allows an employer and trainee to enter into an apprenticeship or traineeship arrangement. The contract of training formalises the commitment of the employer to provide systematic training and the apprentice or trainee to apply themselves to learn the trade or occupation.

5.2.11 The contract of training has been the pivotal point of regulation in the structured training system and generates the most regulatory activity.

5.2.12 Against this background, the Industry Reference Group Report in September 1996 proposed, and Ministers agreed, to have a nationally consistent format for training agreements with specified minimum requirements and sought further advice on that format.

5.2.13 With the objective of a nationally consistent format in mind, a draft 'model' training agreement has been developed (Attachment B to the Report). The Board has noted the advice from the Advisory Committee that the following will represent the developmental and regulatory arrangements associated with the training agreement.

I. The training agreement is negotiated by the employer and person receiving training.

II. The training agreement identifies the training package, the title and level of the qualification, and makes provision for the attachment of the training program outline, which refers to the registered training organisation.

III. The negotiated training program may be required by an Approving Authority to determine the mix of productive and non-productive time in Australian Workplace Agreements, Certified Agreements or any State/Territory equivalent.

IV. The State/Territory Recognition Authority (or delegate) validates and registers (thereby effectively approving) the training agreement and accepts mutually agreed variations to the agreement during the period of its application. Validation is for the purpose of ensuring accuracy and completeness of the elements of the training agreement.

V. The training program outline is an attachment to, and forms part of, the training agreement. The training program should be negotiated before the signing of the agreement and must be agreed by the end of the probation period. Where an established accredited course or the learning strategy from the training package is used, this should be referred to in the training program outline. Where this is not the case more detail of the units or the options selected from the package will be required. State/Territory Training Authorities may determine whether they need to sight the training program outline for the purposes of registration where there is a commonly used course or learning strategy.

5.2.14 The outcomes of these arrangements include the following:

I. Registration of the training agreement is a prerequisite for Commonwealth and State/Territory payments.

II. The training agreement provides the basis for dispute settling and discipline, suspension and termination of the agreement and the State/Territory Authority (or delegate) has the responsibility to monitor the training agreement.

III. The training agreement contains all necessary information for the keeping of national statistics, accountability for public funds, and, where the training program outline is attached, user choice decisions.

5.2.15 The ANTA Board notes that certain characteristics and outcomes of the 'model' training agreement are appropriate for agreement at a national level

and for general national application. Other characteristics and outcomes, representing good practice, should be addressed by mechanisms within the State/Territory addressing certain minimum requirements, with the detail of those mechanisms and requirements to be ultimately a matter for each State/Territory.

5.2.16 Specifically, the Board proposes that the characteristics/outcomes set out at paragraphs 5.2.13 and 5.2.14 are appropriate for national application.

5.2.17 The Board agrees with the Advisory Committee proposal that States/Territories develop their own mechanisms and procedures to deal with validation, registration, appeals, termination, time periods and delegations, with such mechanisms and procedures to meet the minimum requirements set out in Attachment C to the Report.

5.2.18 The Board notes that States and Territories agree that certain characteristics of the arrangements for validation, registration, appeals, termination, time periods and delegations set out in Attachment C represent good practice. However, States and Territories do not consider that they should represent minimum requirements to be adopted by States/Territories. Rather, they represent operational matters which should ultimately be for each State/Territory to implement as it believes appropriate.

Recommendations

5.2.19 The ANTA Board recommends that Ministers:

(i) noting that NSW will continue to recognise apprenticeships/ traineeships under statute, agree that apprenticeships and traineeships under New Apprenticeships should be defined in terms of a pathway to a qualification as identified in a Training Package and not by legislation

(ii) agree that the following represent the major points of regulation for New Apprenticeships

I. endorsement of the Training Package
II. registration of the Training Provider
III. signing of the Training Agreement between the employer and apprentice or trainee

(iii) note the 'model' training agreement at Attachment B to the Report

(iv) agree to the national application of the national characteristics and outcomes of the 'model' training agreement set out at paragraphs 5.2.13 and 5.2.14.

(v) agree to support the Advisory Committee and ANTA Board position that States and Territories develop their own mechanisms and procedures to deal with validation, registration, appeals, termination, time periods and delegations, with such mechanisms and procedures to meet the minimum requirements set out at Attachment C to the Report.

or

(v) agree that, against the statement of good practice set out at Attachment C to the Report, States and Territories will develop their own mechanisms and procedures to deal with validation, registration, appeals, termination, time periods and delegations.

5.3 Resourcing New Apprenticeships

Background

5.3.1 At their meeting in September 1996, Ministers expressed their concern over resourcing New Apprenticeships and asked the ANTA Board to provide further advice on resourcing issues and options by which these issues might be addressed.

5.3.2 The ANTA Board Advisory Committee sought independent advice on the potential demand for New Apprenticeships and the consequent costs and public policy implications. KPMG was appointed and developed a Report for the Committee.

Issues

Scenarios for Growth

5.3.3 KPMG developed a range of scenarios for growth for New Apprenticeships which collectively provide some indication of potential demand. The most realistic scenarios point to New Apprenticeships making a call on VET funds of somewhere between 30 and 40 per cent at most, with it taking some time to reach these levels. At the moment the level of involvement in apprenticeships varies between the States/Territories. It is likely that this will continue. It is expected that an outcome within the range of 30-40 percent will form the framework for negotiations with States and Territories under the new business arrangements.

5.3.4 More precise projections as to demand and more detailed costings, including in relation to the support arrangements for New Apprenticeships, will be possible once Ministers have made final decisions on the policy issues which will set the funding parameters.

5.3.5 The ANTA Board considers that there are three threshold issues which Ministers need to address:

I. clarification of the meaning of entry level training within the agreed definition of New Apprenticeships

II. establishment of the basis on which funding priorities for New Apprenticeships are determined

III. resolution of the entitlement for public funding as a New Apprentice

5.3.6 Resolution of these issues will in turn set the context for dealing with a further set of policy issues, including:

I. the need to ensure additionality and growth and to minimise cost shifts between sectors

II. who pays for potential increases in New Apprenticeships

Definition of New Apprenticeships

5.3.7 The ANTA Board has approached the definition of New Apprenticeships from the starting point that it should be distinguished from prioritisation issues and entitlement criteria that clearly define who is eligible for public funding. An outcome in these terms would enable a wide range of people, including those in the existing workforce, to participate as New Apprentices without necessarily attracting public funding.

5.3.8 The proposed definition of New Apprenticeships sets out the following characteristics of a New Apprenticeship arrangement:

I. a registered training agreement
II. a negotiated training program leading to a nationally recognised qualification
III. paid work and structured training

5.3.9 All apprentices and trainees who meet this definition are considered to be New Apprentices, irrespective of the industrial relations arrangements under which they are employed and regardless of whether the training program is based on a Training Package or a declared vocation.

5.3.10 The proposed definition omits references to 'entry level training' as a characteristic of a New Apprentice. It is apparent that there are widespread differences in interpretation of 'entry level training' between governments and between governments and industry. One option would be to seek to specify what is meant by entry level training in terms of the characteristics of the job and the training being undertaken.

5.3.11 The alternative approach, preferred by the ANTA Board, is to remove the reference to entry level training in the definition and place greater emphasis on refining the criteria for accessing publicly funded training. The Board is influenced in this view by:

I. the fact that the term was developed in association with apprenticeships when they were the only means of entry into vocations that had been declared, and is therefore now largely redundant with the agreement to abolish declared vocations

II. the relative ease of management for the States/Territories in not having to verify that particular jobs meet detailed criteria

Funding Priorities

5.3.12 The ANTA Board considers that it is important that the priority of structured work and training arrangements, including New Apprenticeships, is agreed nationally.

5.3.13 In this context the Board notes that, as a proportion of total VET funding, the funding for apprenticeships has been in progressive decline since 1992. The Board and industry generally agree the trend needs to be reversed.

5.3.14 Options for establishing priorities identified in the KPMG Report include:

I. New Apprenticeships are a priority ahead of all other priorities to be accommodated within VET

II. New Apprenticeships are a high priority, which is balanced by other priorities, and includes a commitment to ensuring the current level is increased

III. New Apprenticeships are one of a number of priorities which may be varied by States and Territories on the basis of different sources of advice they consider in priority setting

5.3.15 The Commonwealth and Victoria prefer the first option for establishing priorities.

5.3.16 The remaining States and Territories prefer to see New Apprenticeships as a high priority to be accommodated within the VET sector.

5.3.17 States and Territories (other than Victoria) were influenced in coming to their positions by a reluctance to give New Apprenticeships an absolute priority over all other economic and social considerations.

5.3.18 The ANTA Board proposes that Ministers endorse the first option. The Board notes that most States and Territories currently fund apprenticeships and traineeships (except at level 1) as a priority ahead of all others and considers that, in the absence of evidence of a dramatic blow out in numbers, this priority should remain. This is particularly important given Commonwealth and State/Territory governments commitment to assist with the transition of young people into the workforce and to assist in alleviating Australia's chronic levels of youth unemployment.

5.3.19 In arriving at this conclusion, the Board also found it difficult to support the position whereby Governments can decide to contribute funding

for off the job training for one person and not another when neither is already employed in the enterprise and both enter into a training agreement with an employer.

Access

5.3.20 The corollary to the ANTA Board's position on the definition and priorities is an access regime which is manageable in terms of resources and public policy consistency.

5.3.21 With some minor exceptions, and excluding fully on the job level 1 traineeships, apprentices and trainees receive public funding for off the job training, and generally attract Commonwealth and State/Territory incentives. The declaration of vocations acted in the past as the mechanism to constrain demand for public funding.

5.3.22 The ANTA Board proposes that this traditional access to a publicly funded training place, and Commonwealth and State/Territory incentives, concessions and rebates, should continue for individuals:

I. falling within the definition of a New Apprenticeship who have not currently or previously had continuing full time employment in the enterprise in relation to which the training will take place; or

II. who are out-of-trade apprentices/trainees.

5.3.23 Recognising the importance of training for the existing workforce, the Board has noted that where an individual meets the definition of a New Apprentice but is currently employed in the enterprise in relation to which the proposed training will take place, States/Territories have indicated that they may fund at their discretion the off the job training delivery for that individual where such funding is consistent with the priorities set by that State/Territory.

5.3.24 This outcome is consistent with current practice whereby the training for the existing workforce is largely funded through the allocative processes in each State and Territory for expending the large proportion of non-apprenticeship/traineeship VET funds.

5.3.25 The Board notes that when first endorsing the objective for New Apprenticeships in May 1996, Ministers recognised the importance of enhancing the skills of the existing workforce as part of increasing the competitiveness of Australian enterprises. In pursuing the New Apprenticeships reforms the VET system must not lose sight of the significant importance of attending to the skill needs of existing workers.

5.3.26 The Board is also pleased to note that:

I. States and Territories have agreed to the development of a set of nationally agreed funding principles to underpin purchasing support for apprenticeships/traineeships delivered on the job

II. the Commonwealth, States and Territories will consider and provide advice on the application of the proposed incentive payment structures and subsidies to New Apprenticeships in schools

Consequential Issues

5.3.27 Agreement to the above approach in relation to access to a publicly funded training place, would address most of the concerns over conversion and cost shifting.

5.3.28 In relation to the issue of funding increases in demand, including the question of 'who pays', the Board would like to see further evidence of the likely extent of demand before offering its views to Ministers.

Transitional Arrangements

5.3.29 The ANTA Board acknowledges that its preferred approach to resourcing New Apprenticeships is predicated on growth in New Apprenticeships occurring at manageable levels. Accordingly, the Board proposes that the approach be kept under review.

Recommendations

5.3.30 In relation to the parameters for resourcing New Apprenticeships, the Board proposes that Ministers:

(i) agree that to be a New Apprentice an individual must meet all of the following defining characteristics of a New Apprenticeship:

I. is a signatory to a training agreement (registered with, and validated by, a State/Territory Training Authority) which will facilitate the objectives of the training program and which protects the interests of both parties, and is employed under an award, registered agreement or other contract of employment

II. is involved in paid work and structured training which may be on and off the job

III. is undertaking a negotiated training program responsive to client choice that involves obtaining a nationally recognised qualification (meeting a specified package of endorsed standards)

(ii) agree to consider discontinuing use of the term 'entry level training' in the context of the definition of a New Apprenticeship

(iii) agree that apprentices/trainees who meet the characteristics under (i) are New Apprentices, irrespective of the industrial relations arrangements under which the apprentice/trainee is employed and whether the training program is based on a Training Package or a declared vocation

(iv) note both the recent progressive decline in apprenticeship funding as a proportion of total VET funding and the general traditional access of apprentices and trainees to public funding for off the job training

(v) agree that, in relation to the priorities to be accorded to New Apprenticeships, the following options be considered:

I. consistent with current practice, New Apprenticeships have a priority over all other priorities to be accommodated within the VET sector (preferred by the ANTA Board, the Commonwealth and Victoria); or

II. New Apprenticeships are a high priority to be accommodated within the VET sector (preferred by remaining States/Territories)

(vi) subject to paragraph (vii), agree that access to a publicly funded training place as a New Apprentice be based on an individual:

(a) I. falling within the definition of a New Apprenticeship;
II. not previously having continuing full time employment in the enterprise in relation to which the training will take place

or

(b) being an out-of-trade apprentice/trainee

(vii) agree that for an individual meeting the definition of a New Apprentice and currently employed in the enterprise in relation to which the training will take place, a State/Territory may negotiate to fund at their discretion the off the job training delivery for that individual where such funding is consistent with the priorities set by that State/Territory

(viii) agree that the funding referred to in (vii) need not extend to payment of State/Territory concessions and subsidies and note that it would not attract Commonwealth incentives and subsidies

(ix) note that States and Territories have agreed to the development of a set of nationally agreed funding principles to underpin purchasing support for apprenticeships/traineeships delivered on the job

(x) agree that further costing work will be undertaken to allow the issue of 'who pays' to be addressed in more detail in relation to delivery costs, transition costs and incentive payments

(xi) agree that the arrangements agreed to above be kept under review in light the of experience of growth in New Apprenticeship numbers

5.4 National Principles for Group Training

Background

5.4.1 In September 1996, Ministers agreed that group training would play a key role in improving the performance of the apprenticeship and traineeship system, boosting the number of apprenticeship and traineeship opportunities for young people and increasing the participation of Australian industry in vocational education and training.

5.4.2 In February 1997, the ANTA Board Advisory Committee released an Issues Paper "Taking Care of Business: Growth through Group Training". A series of meetings and public forums then took place in most States and Territories.

5.4.3 The Advisory Committee subsequently developed a report which addressed the key issues raised in the consultations, analysed the public response for each key issue and recommended a set of national principles and further work to underpin future government arrangements with group training. A copy of the Advisory Committee report is provided at Attachment D.

Issues

5.4.4 The ANTA Board is acutely aware of the important place occupied by group training schemes as a mainstream player in the apprenticeship and traineeship system. In particular, group training schemes have:

- provided opportunities for small businesses to participate in the entry level training system
- played an important ameliorative role in countering the decline in direct apprenticeship employment
- facilitated greater access to employment and training opportunities for members of client groups and by out of trade or unemployed apprentices
- enhanced the quality of training for their apprentices and trainees through rotation among host employers of different sizes and specialities and exercised a significant pastoral care role.

5.4.5 The ANTA Board is also aware of the stress placed on the current group training arrangements through changing economic circumstances and industrial restructuring, concerns about inequitable funding levels between schemes and between States/Territories, the development of a more

competitive training market and changes in the way Governments go about their business.

5.4.6 Against the background of this understanding, the ANTA Board has considered the Advisory Committee report and endorses the great majority of its recommendations. The Board proposes that Ministers adopt the National Principles for Group Training set out in the report and further consider options for implementation of the Board's recommendations at the November MINCO meeting.

Current and Proposed Funding Arrangements

5.4.7 The Advisory Committee report proposes a change to the nature of government's relationship with group training, from a provider of funding to a purchaser of services. The Principles are proposed to be directly applied to the State, Territory and Commonwealth funds currently distributed under the Joint Policy for Group Schemes. It is expected that the Principles will also form the basis of decision making on issues related to group training, including public funding outside the Joint Policy.

5.4.8 Analysis of the current funding framework reveals significant discrepancies in the effective 'price' per apprentice or trainee among group training schemes and between States/Territories, with some schemes receiving less than $400 per apprentice/trainee, others over $1000 per apprentice/trainee and some receiving no operational support funding at all. The discrepancies are a result of a range of funding models across States/Territories which vary in their focus on outcomes.

5.4.9 A number of the participants in the consultations, particularly Group Training Australia, agreed that the current method of distributing funds did not support the planned growth for group training.

5.4.10 The key recommendations in the report propose a move to purchasing outcomes through a per capita payment reflecting the real costs of servicing apprentices and trainees.

5.4.11 The report suggests that the work required to establish the appropriate per capita payment should consider both quantitative and qualitative elements and the real cost differences in providing group training services in different industry and regional sectors and with different individual apprentices and trainees.

5.4.12 The introduction of new funding arrangements will have to be carefully considered and their introduction phased in to ensure that existing schemes are given time to adjust and to ensure continuity of 'supply' of group training services.

What should be Purchased and from Whom

5.4.13 The report considers what should be purchased from group training with Joint Policy funds, noting that many group training schemes also offer a range of employment and training services to firms which go beyond their core roles.

5.4.14 The report concludes that, as the principal objective of group training is to expand apprenticeships and traineeships, Governments should focus on the employment of apprentices and trainees when allocating Joint Policy funds.

5.4.15 The issue of purchasing from any organisation able to provide quality group training services received widespread comment in the consultations, with the advantages of creating a more competitive environment and enhancing coverage balanced against concerns such as the ongoing viability of some group training schemes in limited markets.

5.4.16 The report, therefore, proposes that States/Territories consider extending their purchasing arrangements to other potential providers according to regional needs and priorities.

Priorities for Group Training

5.4.17 Recognising that the overall objective is to ensure that public funding for group training makes the greatest possible contribution to the overall expansion of the training system, the report proposes that the allocation of funds must give a priority to those host employers who would not otherwise employ an apprentice or trainee. Other priorities include:

- small business
- new industries and occupations
- achieving equitable access to, and outcomes from, group training by members of client groups with traditionally poor outcomes from structured entry level training

5.4.18 The report also emphasises a range of services that group training schemes might provide outside direct employment of apprentices/trainees to facilitate New Apprenticeships, including training provision, employment services and VET in schools and develops principles on how they might operate.

Recommendations

5.4.19 The recommendations proposed for endorsement by Ministers follow:

(i) that Ministers adopt the National Principles for Group Training set out in the report of the ANTA Board Advisory Committee 'National Principles for Group Training' at Attachment D to the Report

(ii) that the allocation of Joint Policy funds by Governments be based on the employment of apprentices and trainees in group training

(iii) that the expansion of apprenticeship and traineeship opportunities be pursued through purchasing outcomes

(iv) that group training outcomes be purchased with a 'per capita' payment for each apprentice or trainee

(v) that State, Territory and Commonwealth Governments agree in principle to move to a nationally consistent approach for the establishment of per capita payments and that options for an approach will be subsequently developed for consideration by Ministers

(vi) that further work be undertaken to establish the appropriate per capita payment for each apprentice or trainee, taking into account the concerns expressed during the public consultations. This work, to be developed for consideration by Ministers in November, should also consider the:

A. quantitative and qualitative components of the outcomes to be purchased and the distinction between the components which will be paid for by Governments and by industry, also taking account of Commonwealth employer incentives and wage subsidies
B. real cost differences between providing group training services in different industry and regional sectors and with different individual apprentices and trainees, including those from client groups
C. total amount of public funding available for group training

(vii) that further work be undertaken to establish effective ways to assist group training schemes overcome the constraints to growth which result from a lack of working capital

(viii) that the States/Territories consider purchasing outcomes from bodies which are outside the existing network of Joint Policy funded group training schemes, including bodies which are not group training schemes, and which can meet established performance standards

(ix) that the contribution of group training in the following areas will be monitored at State/Territory and national levels:

A. the overall expansion of the number of apprenticeships and traineeships
B. equitable access to, and outcomes from, group training for members of client groups

(x) that further work be done to develop and implement specific strategies to:

A. support the uptake of apprenticeship and traineeship opportunities by small businesses, including those addressing concerns about worker's compensation premiums
B. to support the uptake of entry level training opportunities in new industries and occupations
C. to promote the access to, and outcomes from, group training for client groups.

(xi) that, subject to the endorsement of the above recommendations, an implementation plan be developed and agreed by ANTA, the States/Territories and the Commonwealth to ensure the effective transition to the new arrangements for group training.

(xii) that ANTA, the States/Territories and the Commonwealth agree on a timeline for implementation of the new arrangements.

(xiii) that the ANTA Board provide a further report to Ministers in November on progress with implementation of the recommendations

5.5 New Apprenticeships for School Students

Background

5.5.1 In September 1996, Ministers agreed that arrangements be established for apprenticeships/traineeships which are commenced in schools, with guidelines developed that clearly determine the relationships between, and responsibilities of, the school, the employer and the student apprentice/trainee.

5.5.2 The "Principles and Guidelines for Improving Outcomes for VET in Schools", which provide the basis for the expenditure of $20 million of ANTA funds in secondary schools and were agreed after their consideration by Ministers in November 1996, specify that: 'arrangements to bring about a primary focus on apprenticeships or traineeships, or modules in training packages which relate to apprenticeship or traineeships, will be developed by ANTA and the MCEETYA Taskforce on MAATS in Schools'.

5.5.3 A Working Group, comprising representatives from industry, the VET and schools sectors, Group Training Australia and the Australian Student Traineeship Foundation, was formed to develop principles and a framework for implementing apprenticeships/traineeships in schools.

Issues

5.5.4 The ANTA Board considers that schools have a key role to play both in providing Australia with an educated and productive workforce and expanding the training effort through the provision of general secondary education programs integrated with entry level training in broad industry pathways.

5.5.5 The Board is particularly keen to see the introduction of apprenticeships and traineeships into schools as a means of broadening the ways in which students can participate in VET. This approach involves the commencement of an apprenticeship/traineeship with an employer through a formal training agreement while the student is still enrolled at school. The three way relationship between school, student and employer needs to be subject to specific principles, and a clear understanding of specific roles and responsibilities.

5.5.6 The ANTA Board is aware of both the complexity of the issues relating to the introduction of New Apprenticeships into schools and the need to provide guidance to the schools sector as early as possible if New Apprenticeships are to be introduced into schools in any significant numbers in 1998.

5.5.7 As a guiding principle the Board considers that, as far as possible, the regulatory, administrative and industrial relations arrangements relating generally to New Apprenticeships should apply to New Apprenticeships in schools. In relation to the industrial relations arrangements, particular attention will need to be paid to issues around part-time New Apprenticeships and the application of the 'model' training agreement to the transition from school to post school where the qualification is not completed during the time at school.

5.5.8 The Board is also anxious that in the debate over the nexus between VET funds and the delivery of apprenticeships and traineeships for school students, it is made clear that there will be no further call on recurrent VET funds to substitute for funds to support actual delivery appropriated by State/Territory Parliaments.

5.5.9 The Board has noted the work of the MCEETYA Taskforce on MAATS in Schools on the full range of issues associated with New Apprenticeships for schools students and that a Report from the Taskforce will be separately provided to Ministers for the May meeting.

Recommendation

5.5.10 The ANTA Board recommends that Ministers agree that, as far as possible, the regulatory, administrative and funding arrangements relating generally to New Apprenticeships should apply to New Apprenticeships in schools.

5.6 Management Information Needs

Background

5.6.1 New Apprenticeships seeks to expand the opportunities for people to take up structured entry level training by making the system more flexible and enterprise oriented and better aligned to emerging industry needs.

5.6.2 It is critical that the impact of New Apprenticeships, including User Choice, is able to be measured and evaluated, so that the policy settings can be refined if necessary.

Issues

5.6.3 Three data collection sources could be used to monitor the outcomes of New Apprenticeships and User Choice:

- census data – through AVETMISS data collected through contract of training agreements
- survey data – through employer satisfaction surveys, graduate destination surveys, ABS surveys
- case studies

5.6.4 The ANTA Board proposes that the following changes be made to data collection systems to facilitate the monitoring of New Apprenticeships:

I. inclusion of additional AVETMISS contract of training data elements including type of training provider, name of training package, name of training program and title of qualification

I. the AVETMISS VET Collection to capture information relating to training programs (linked to AQF), units of competence (including activity not related to a training program) and the addition of a flag to identify persons undertaking New Apprenticeships

II. adapt employer and student surveys to effectively monitor client satisfaction with the New Apprenticeship reforms

5.6.5 The ANTA Board also proposes that case studies may be utilised (particularly as a short term strategy) as a means of assessing the impact of specific aspects of New Apprenticeships.

5.6.6 Given NACVETS' key role in strategic policy development for the national management information system, the Board proposes that this work be referred to the Committee for action..

Recommendations

5.6.7 The Board recommends that Ministers agree:

(i) subject to preliminary costings to be prepared by NACVETS, to revisions to the management information systems to support the implementation of New Apprenticeships, including User Choice

(ii) that the substantive work be referred to NACVETS if the costings referred to in (i) are satisfactory

REPORT TO MINCO

ON

THE IMPLEMENTATION

OF

USER CHOICE

May 1997

RECOMMENDATIONS

That Ministers agree:

(i) To note the work undertaken on issues and administrative arrangements, and that none of the issues identified by Ministers in September 1996 now constitute an impediment to implementing User Choice in 1998 in accordance with the User Choice Policy Principles. However, further work will be required at a State/Territory level during implementation to resolve some issues.

(ii) To endorse the Statement of User Choice Policy.

(iii) To endorse Common Costing Principles for User Choice, at Appendix (1).

(iv) That all registered training organisations registered to provide appropriate training will be available for selection by clients subject to 2.6 (viii).

(v) To endorse the 'Guidelines for Managing Interstate Training Activity under User Choice' at Appendix (2).

(vi) That third party access is a desirable element of User Choice and note that it will be pursued within the context of State and Territory approaches to implementing competition policy.

(vii) That User Choice will apply to all commencing apprentices and trainees on 1 January 1998, and that States and Territories determine their own transition arrangements for continuing apprentices and trainees from 1 January 1998.

(viii) That the Commonwealth, States and Territories develop marketing strategies and products to promote User Choice under the New Apprenticeships System and 1997 User Choice National Project funds be allocated to States and Territories as in Appendix (3).

(ix) That a Training Program Outline must be attached to all Training Agreements.

(x) That States and Territories will determine the content of the Training Program Outline, within the nationally agreed framework.

(xi) To reconsider User Choice in 1999 on the basis of a report on the Evaluation of User Choice conducted in accordance with the Evaluation Project Brief at Appendix (4).

(xii) To endorse the Addendum for User Choice in New Apprenticeships and its inclusion in State and Territory 1997 Profiles for reporting in June 1997 as in Appendix (5).

1. INTRODUCTION AND CONTEXT

1.1 At its 17 July 1996 meeting, the ANTA Ministerial Council

"...(v) agreed that ANTA after consultation with Industry and State Territory and Commonwealth Ministers, would provide for MINCO in September 1996 a report setting out:

- a statement of User Choice policy;
- details of administrative arrangements required to support the policy; and
- issues that need to be resolved to achieve full implementation from 1 January 1998; and

(vi) agreed to progressive implementation of User Choice during 1997 and to full implementation of User Choice for off the job training for apprentices and trainees from 1 January 1998".

1.2 Ministers considered ANTA's report in September and established a User Choice Taskforce of State, Territory and Commonwealth officials to:

- address a number of unresolved User Choice policy issues.
- design an evaluation of the implementation of User Choice so that evaluation can commence on 1 January 1998.
- develop user specifications for software to support the administration of User Choice.

1.3 This report from the User Choice Taskforce outlines the progress made in resolving outstanding issues and is the basis for recommendations on implementation of User Choice from 1 January 1998 by State and Territories.

1.4 Section 2 presents a revised statement of User Choice Policy including objectives, definition, principles, and a description of User Choice in operation. Section 3 details areas for which administrative arrangements will need to be implemented by the States and Territories.

1.5 The underlying objective of the training system is the development of a skilled workforce for the nation. To achieve a skilled workforce, it is necessary for training providers to be flexible and responsive to the needs of industry and enterprises. One of the means of achieving flexibility, responsiveness, and efficiency in the training system, is to develop an open and competitive training market, and User Choice is one of the strategies to be applied to secure this outcome.

1.6 User Choice, as a mechanism for more closely aligning the provision of training with the expectations of clients, could have broad applicability across the Australian vocational education and training system.

1.7 This report focuses on the introduction of User Choice in New Apprenticeships, in accordance with Ministerial Council decisions of 17 July 1996. States and Territories have agreed that all commencing apprentices and trainees on 1 January 1998 will be under User Choice arrangements. It was also agreed that States and Territories will determine their own transition arrangements for continuing apprentices and trainees.

Ministers agreed at the Ministerial Council meeting on 23 May 1997 that the following section should be added:

"However, where a specific request for continuing apprentices to move to User Choice arrangements is made by clients then this would be considered by States/Territories on a case by case basis. The relevant State/Territory Training Authority should be satisfied that any change that involves a change of provider has the genuine agreement of the apprentice/trainee."

2. STATEMENT OF USER CHOICE POLICY

Objective of User Choice

2.1 The objective of User Choice is to increase the responsiveness of the vocational education and training system to the needs of clients through the encouragement of a direct and market relationship between individual providers and clients.

Defining User Choice

2.2 User Choice is defined as the flow of public funds to individual training providers which reflects the choice of individual training provider made by the client. User Choice comprises three essential elements:

(i) significantly greater market power to individual clients to negotiate with individual registered training providers, both public and private, about the off-the-job component of new apprenticeships. The negotiation can include choice of provider and choice about specific aspects of training, such as location, timing etc.

(ii) increased responsiveness on the supply side of the training market, to enhance the capacity of individual VET providers to respond to the expressed needs of clients. Training outcomes will then be able to reflect more closely clients' views of their own needs. This increased responsiveness will include greater contestability among individual providers.

(iii) User Choice outcomes are compatible with public expenditure constraints and efficient use of resources. There can be no implication that all requests for training from clients, however specialised or expensive, will be met from public funds.

2.3 All elements must be satisfied **together** - the separate elements alone will not meet the objective of establishing a genuine market relationship between individual training providers and clients.

2.4 The 'client' for User Choice is defined as the employer and the employee, as identified in the New Apprenticeships Training Agreement, acting jointly. They may agree to authorise a 'broker' to act on their behalf.

Principles for User Choice

2.5 The principles which underpin the implementation of User Choice in New Apprenticeships from January 1998 are:

(i) Clients are able to negotiate their publicly funded training needs.

(ii) Clients have the right of choice of registered provider and negotiations will cover choice over specific aspects of training.

(iii) User Choice operates in a national training market not limited by State and Territory boundaries.

(iv) The provision of accurate and timely information about training options is necessary for informed choice.

(v) Pricing of training programs by State/Territory Training Authorities should be based on clearly identified State/Territory unit costs benchmarks. Unit costs set for efficient provision may be increased by including a loading for access and equity reasons.

(vi) Training over and above that which is essential to the qualification outcome for the apprentice or trainee, and is above that which is funded publicly, can be negotiated and purchased by the client.

(vii) User Choice would be harnessed to improve access and equity in the vocational education and training system and be integrated within existing initiatives.

(viii) Regulatory frameworks and administrative arrangements relating to vocational education and training at the National, State and Territory level are to be complementary to the achievement of the objectives of User Choice.

(ix) Evaluation of outcomes of User Choice against objectives is an integral element of a program of continuous improvement. Innovation is required to achieve and maintain a best practice training system.

User Choice in Operation

2.6 Each State and Territory will be responsible for implementing User Choice in New Apprenticeships. Key features are:

(i) Clients will be informed through targeted marketing campaigns about User Choice in New Apprenticeships; in particular, how it works and the opportunities for enterprises and their employees to meet their training needs.

(ii) Providers (public, private, and industry-based) will be informed about the purposes of User Choice and how it will work.

(iii) Clients will have access to accurate and timely information giving details about alternative VET providers, training packages, and aspects of training open to negotiation and options.

(iv) Providers will have sufficient detailed information on training packages, customisation options, and on how funds will be transferred to enable them to participate effectively in User Choice and respond to client needs.

(v) Providers will provide clients with information on their performance and capabilities, and on the nature and quality of their training products.

(vi) Advice will be available to potential students/ employees regarding training opportunities and how training can be accessed.

(vii) Information will be provided in a way which caters to the needs of a diverse range of groups and individuals.

(viii) Clients will have the right to exercise choice over which registered provider delivers their training.

- In areas where there are low numbers of clients and in remote locations where clients have access to limited number of providers, choice may be limited. States/Territories agree to manage these cases as an exception in a way that maximises the available choice. These cases will be annually reported.

- Choice will be exercised within prevailing State/Territory pricing arrangements.

(ix) Clients will be able to negotiate with registered providers on specific aspects of training within the requirements of the selected Training Package. Brokers/intermediaries may act on behalf of clients in the negotiation process. Aspects of training open for negotiation include:

- selection, content and sequencing of units of competence
- timing, location and mode of delivery
- trainer/facilitator
- who conducts the assessment
- how the training is evaluated

(x) A Training Program will be signed between the client and provider to signify that the client was aware of their rights under User Choice, and was able to negotiate a suitable outcome with the chosen provider. The

Training Program Outline must be attached to the Training Agreement within the probation period of the apprentice/trainee.

(xi) Public funds will be allocated to providers based on negotiated User Choice (the mechanism and timing of the allocation of funds will be consistent with existing State/Territory processes).

(xii) States and Territories will allocate funds to providers on the basis of State/Territory pricing arrangements.

(xiii) Evaluative mechanisms will be established to monitor User Choice.

(xiv) Processes will be established to settle disputes and conflict of interest issues between clients and providers.

(xv) Accountability mechanisms will be in place to ensure that funds have been used for the agreed purposes. State and Territories will have in place an appropriate strategy to minimise risk.

2.7 These key features will incorporate a recognition of, and response to, access and equity considerations.

3. ADMINISTRATIVE ARRANGEMENTS

3.1 The administrative arrangements or means of implementing the key features described in section 2.6 are the responsibility of States and Territories. States and Territories will develop administrative arrangements and implementation strategies for the areas listed below.

Marketing

3.2 Development and delivery of marketing strategies targeting all key stakeholders.

Information

3.3 Provision of information for clients and providers on matter such as availability of providers and training packages, parameters and opportunities for negotiation and customisation, options, support and professional development.

Choice

3.4 Development and dissemination of

- service delivery standards for providers
- principles and processes for negotiation
- guidelines for customisation
- a framework for 'agreements' between clients and providers
- information regarding the roles and responsibilities of brokers/intermediaries.

Funding

3.5 Development and implementation of

- appropriate resource allocation models
- relevant State/Territory unit cost benchmarks
- common costing principles
- administrative arrangements to ensure funds are allocated to choice of provider

Accountability

3.6 Development and implementation of appropriate

- reporting mechanisms that reflect training delivery decisions negotiated between clients and providers
- Key Performance Measures for User Choice developed on the basis of outcomes achieved

- employer satisfaction surveys
- management of grievances and conflict of interest.

3.7 In September 1996, Ministers agreed that States and Territories will add an addendum to their 1997 Profiles requiring State/Territories to report on their achievements against State Performance Standards agreed for the implementation of User Choice. In addition, ANTA will report on progress towards the national performance standards. These reports will be provided through the ANTA Board to Ministers at the end of July 1997. The addendum to the 1997 State and Territory Profile is outlined Appendix 5.

APPENDIX 1

COMMON COSTING PRINCIPLES

Unit Valuation Principles

The unit valuation principles describe how the costs of service provision attach to the units of delivery outcome. These valuation principles apply irrespective of how the unit of delivery outcome is described. Given that purchasers wish to pay a fair and reasonable price for a delivery outcome, the UCWG recommends that the benchmark unit cost for a delivery outcome be valued on the basis of the total costs of:

- **all required resources;**
- **consumed;**
- **by all provider activities demanded by the delivery outcome;**
- **on an accrual basis;**
- **at actual rates; and**
- **measured on total, incremental and marginal bases.**

The total costs that attach to the unit in this manner will reflect the sum of service delivery costs and a return on investment. These unit valuation principles are briefly described below:

(i) Costs of the unit to include the cost of all resources consumed in providing the service (including access and equity considerations), and not limited to only those costs that can be traced directly to the unit.
(full cost range)

The costs of resources consumed in production can be generally categorised as direct costs and overhead. Direct costs are the costs of resources that can be easily traced to outputs. Overhead represents the sum of costs of all other resources required for production which are not easily traced to output. Typically, overhead is a much larger proportion of the total costs of service delivery than total direct costs.

(ii) Costs to attach to the unit in accordance with the quantity of resource consumed, not the quantity of resource that was acquired from suppliers.
(resource consumption focus)

Often the amount of a particular resource acquired from a supplier exceeds the amount of the resource actually consumed in service delivery. This difference represents excess capacity acquired. Excess capacity is not a cost of production, but an outcome of management circumstances. Excess capacity over the longer term needs to be managed away - that is, either an alternate use is found or it is disposed.

(iii) Costs to attach to the unit in accordance with the provider activities (including access and equity activities) demanded.
(activity based cost allocation approach)

Different types of output demand different activities and/or levels of attention (effort) within activities. Different activities have different resource requirements and therefore cost structures. Same type activities at different levels of effort consume the same profile of resources but in differing amounts. Activities, and their pattern of demand by the units of output, reflect the underlying economics of production.

(iv) Costs to attach to the unit on an accrual basis, not cash basis.
(accrual basis of accounting)

Accrual accounting separates operating costs from capital costs and, for a given period, matches the relevant costs to the outputs of production. Relevant operating and capital costs are matched against output as they are incurred in production rather than at the time of their purchase or payment.

(v) *Costs of the unit are to be valued at actual rates.*
(actual cost valuation) .

The quantity and the cost of the quantity of resources consumed by output can be applied on the basis of actual costs (ie., the actual quantity consumed and the dollar amount actually paid to suppliers for each unit of resource acquired) or some other measure such as standard costs. Actual costs represent the actual outcomes of management supply and production decisions.

(vi) Costs of the unit are to be measured on total, incremental and marginal bases.
(total, incremental and marginal measures of analysis)

Costs of producing output can be measured on an average, total, incremental or marginal basis. Where an average basis is used, there is a critical implicit assumption that the total costs for all resources vary with the level of output in a given range of production, irrespective of whether they are actually variable or fixed in behaviour for the range. Where all resource costs are indeed variable in behaviour, the average cost measure provides a useful measure for analysis. However, where some costs have a fixed cost behaviour for a range of output, as is usually the case under full costing, the average cost measure creates cross subsidies between outputs. Cross subsidies are reduced where total, incremental and marginal measures are used - choice of measure is dependent on service provision circumstances.

Each principle represents a selected option for an attribute of costing in the determination of benchmark unit costs. Each attribute of costing has a number of options. For example, basis of accounting - accrual or cash; range of costs - direct variable costs only or full costs; resource focus - acquired or consumed; and cost valuation - actual or standard. Each option for each attribute causes the value of the unit cost to change. That is, even though there is a same set of cost data supporting the valuation of a unit cost, selection of different options at each attribute will cause different unit cost valuations to be determined.

Unit Description Principles

The unit description principles describe the unit of delivery outcome which is the object for determination of benchmark costs (prices). These description principles apply irrespective of how the unit is eventually valued. The UCWG recommends that the unit description:

- **allows for the multiple pathways in learning/assessment delivery outcomes**
- **allows for the different triggers for allocation of funding to providers**
- **is supported by a suggested profile of component cost activities and elements.**

Currently, student contact hours is the unit description for pricing of provider training services. However, it is widely recognised that this unit description fails to meet the multiple pathways in delivery outcomes envisaged under MAATS. Consequently, a new unit description is sought.

The UCWG believes that a unit description that allows for today's multiple pathways to certification can only be determined after proper consideration of the flexible delivery options and the more diverse products tasks under User Choice. While delaying the recommendation of the unit description until these two issues are considered, the UCWG notes that it is likely that a different method of allocating funds will need to be developed under User Choice. There is an emerging consensus amongst purchasers that under User Choice (with its multiple pathways) there is a greater need to balance the input - output incentives to providers by allocating the relevant funds throughout the lifecycle of the contracted delivery outcomes. For example, it has been suggested that three possible triggers for funding in such a lifecycle are:

(i) at the time of client contract for an agreed set of learning/assessment delivery outcomes that leads to certification (training program);

(ii) at the end of each learning/assessment delivery outcome; and

(iii) after certification.

Consequently, in addition to allowing for the different pathways to certification, the unit description must also be able to accommodate whatever the agreed triggers are for allocating funds to providers. The UCWG believes that once the unit description is finalised, a suggested profile of component cost activities and elements should be determined to facilitate a common understanding and adoption of the unit by all purchasers.

APPENDIX 2

GUIDELINES FOR MANAGING INTERSTATE TRAINING ACTIVITY UNDER USER CHOICE

In order to move towards establishing a 'level playing field' for the operation of a national training market under User Choice, a guide has been developed to assist decision making at the State and Territory level in managing cross border training activity.

Registration of the Training Agreement

From the outset, it is important to understand that a statutory obligation exists whereby an employer must lodge the Training Agreement (signed between the employer and employee), including details on interstate training arrangements, with their 'home' State. That is, the State where the employment is based.

Funding Arrangements

The 'home' State's unit cost will be applied, notwithstanding of whether the client undertakes training intrastate or interstate. Under User Choice, any apprentice or trainee may undertake off-the-job training at a registered provider of their choice, regardless of whether the training is conducted in the clients 'home' state or interstate.

Clients seeking to train interstate

Circumstances may occur whereby the only practical option available for some apprentices or trainees is to seek training interstate. As a result, two categories for clients seeking to train interstate have emerged:

- **those clients whereby training interstate is the only practical option.**

Where a client's 'home' State accepts training interstate, the 'home' State should fund the off the job training component.

The 'home' State's unit cost should be applied as the base rate for funding the off the job training component. However, in circumstances where the 'home' State does not conduct the training and has no 'home' State unit cost then the host State's unit cost applies.

The determination of who pays travel and accommodation costs incurred through interstate training is the responsibility of the 'home' agency.

- **those clients voluntarily electing to train interstate.**

Clients that voluntarily elect to train interstate would negotiate and purchase training from the provider. That is, the client is responsible for any difference in unit cost between their 'home' State's unit cost and 'host' State's unit costs.

Ministers agreed at the Ministerial Council meeting on 23 May 1997 that the following section should be added:

"Where the host State/Territory unit cost is lower, the home State/Territory shall pay the equivalent cost of the host State/Territory."

The client would incur any travel and accommodation expenses.

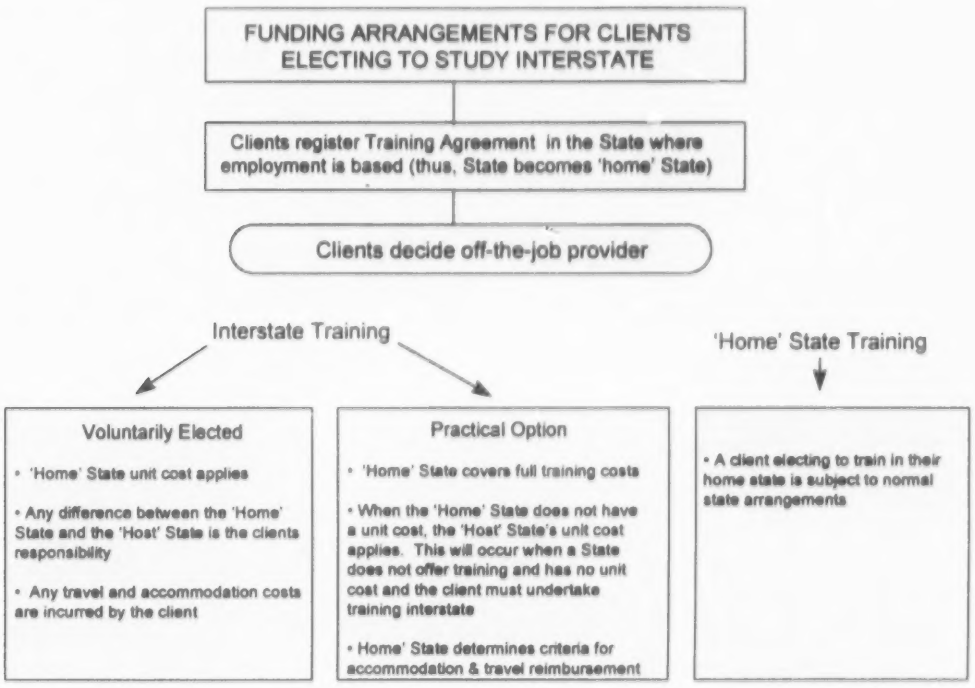
Examples of Clients having to travel interstate to attend an off-the-job provider

Current Tasmanian apprentices in the trade of Jewellery Making must travel to Victoria as no Tasmanian provider offers this off-the-job training. Similarly, Victorian apprentices in Saw Doctoring must travel to the South East Community College in Mt Gambier, SA as no Victorian provider supplies training in this trade.

Additionally, situations may also occur when travelling interstate is a more practical option than attending a provider in the same State. For instance, many Southern NSW apprentices travel to Victorian Colleges rather than travel to providers in Sydney.

Reporting interstate training activity through new Business Arrangements

The State/Territory funding the off the job training should report the outcomes of the training activity as part of their total training activity through the new State/Commonwealth business arrangements.


FUNDING ARRANGEMENTS FOR CLIENTS ELECTING TO STUDY INTERSTATE
Clients register Training Agreement in the State where employment is based (thus, State becomes 'home' State)
Clients decide off-the-job provider
Interstate Training
'Home' State Training
Voluntarily Elected
• 'Home' State unit cost applies
• Any difference between the 'Home' State and the 'Host' State is the clients responsibility
• Any travel and accommodation costs are incurred by the client
Practical Option
• 'Home' State covers full training costs
• When the 'Home' State does not have a unit cost, the 'Host' State's unit cost applies. This will occur when a State does not offer training and has no unit cost and the client must undertake training interstate
• Home' State determines criteria for accommodation & travel reimbursement
• A client electing to train in their home state is subject to normal state arrangements

APPENDIX 3

MARKETING STRATEGY

Ministers recognised the importance of marketing User Choice in the report on the Implementation of User Choice in September 1996. At the broader level, the Commonwealth Minister has also recognised the need to promote User Choice as outlined in the marketing strategy for New Apprenticeships and National Qualifications.

States, Territories and the Commonwealth have agreed that the marketing of User Choice will need to be undertaken under the banner of New Apprenticeships.

Therefore, it is proposed that:

- a national consultancy be undertaken, post May MINCO, to develop nationally consistent materials and products on User Choice. These products would promote a consistent message on what is offered to clients and the system under User Choice and could be customised by each State and Territory to suit their own needs;
- the marketing products developed be referred to the DEETYA Marketing Committee for New Apprenticeships and National Qualifications to be used as the basis for promoting User Choice under New Apprenticeships;
- the material also be provided to all States and Territories to assist them in developing and delivering their own marketing strategies for User Choice and New Apprenticeships which will provide more information on what is available and how to engage in the process; and
- the 1997 User Choice National Project funds ($500,000) be allocated to States and Territories based on the Differential Funding Model Formula (refer Table 1 below) to be expended on the implementation of State level marketing campaigns.

Table 1: 1997 Projected Population Share and 1997 User Choice National Project Allocation

	1997 Projected Population Age 15-64	*1997 Projected Population Age 15-64 (%)*	*Base Allocation - 36% of allocation ($)*	*Population Base ($)*	***Total 1997 User Choice Allocation ($)***
NSW	4,162,243	33.620	22,500	113,629	136,129
VIC	3,064,322	24.752	22,500	83,656	106,156
QLD	2,300,000	18.578	22,500	62,790	85,290
SA	980,154	7.917	22,500	26,758	49,258
WA	1,214,954	9.814	22,500	33,168	55,668
TAS	310,268	2.506	22,500	-	22,500
NT	125,887	1.017	22,500	-	22,500
ACT	222,520	1.797	22,500	-	22,500
AUST	12,380,348	100.000	180,000	320,000	500,000
AUST (exc Tas, NT, ACT)		94.680			

APPENDIX 4

A NATIONAL EVALUATION OF USER CHOICE IN NEW APPRENTICESHIPS

Consultancy Brief

1. Title of Project

A national evaluation of User Choice in New Apprenticeships.

2. Purpose of Project

- To undertake a national evaluation of the implementation of User Choice in New Apprenticeships against the principles and key features identified in the *Statement of User Choice Policy* agreed by Ministers.
- To develop performance measures and a methodology for evaluating the outcomes of the implementation of User Choice.
- To provide reports to ANTA as the basis for a review by Ministers of the implementation and operation of User Choice.

3. Background to the Project

The *Training for Real Jobs* Statement by the Commonwealth Minister for Schools, Vocational Education and Training outlines the Government's training policy for apprenticeships and traineeships. The New Apprenticeships system will deliver for businesses and individuals:

- new types of apprenticeships and other quality training qualifications for existing and emerging industries;
- updated and modernised apprenticeships in traditional areas;
- school based apprenticeships for young people, especially those not going on to university or full-time TAFE;
- more multiple-workplace apprenticeships and traineeships through Group Training Companies;
- off-the-job training chosen by the enterprise and the trainee;
- nationally recognised and portable qualifications assurance;
- a simple business-led training system; and
- expanded training opportunities for Regional Australia.

In May 1996 the ANTA Ministerial Council (MINCO) endorsed objectives and key principles for New Apprenticeships including the objective that:

- The aim of modernising the Australian training system is to make training, especially entry level training, an attractive business proposition for a much wider range of enterprises, thereby:

- greatly expanding employment and career opportunities, especially for young people; and

- increasing the international competitiveness enterprises through enhancing workforce skills.

In July 1996 MINCO agreed to progressive implementation of User Choice during 1997 and to full implementation of User Choice for off-the-job training for apprentices and trainees from 1 January 1998 as a key element of New Apprenticeships.

In September 1996, MINCO approved a Policy Statement, *The Implementation of User Choice*. This statement, which is attached to this brief, defines User Choice and includes a statement of principles underpinning User Choice as well as key features of a User Choice system.

In September 1996, MINCO also agreed that an evaluation of the implementation of User Choice commence as at 1 January 1998.

4. Key Issues

The evaluation shall be conducted in two phases.

(a) Phase one of the evaluation shall examine and provide advice on the following issues:

(i) The extent to which the principles and key features of User Choice as identified in the MINCO Policy Statement apply in the VET system.

(ii) Key issues and/or difficulties which have been encountered in the implementation of User Choice and the implications of those for the Policy Statement. This shall include an evaluation of pilot programs and trials conducted by States and Territories in 1997 in preparation for the introduction of User Choice.

(iii) Measures for determining the outcomes of the implementation of User Choice for:

- Employers of apprentices and trainees, including those employers in small businesses

- Apprentices and trainees, including access to training and outcomes for clients from National Strategy target groups

- Vocational education and training systems generally and providers in particular

- Cost-shifting between vocational education and training funded by industry, individuals and government.

(iv) Benchmarks for the outcome measures, including the definition and collection of base line data.

(v) A methodology for evaluating the outcomes of the implementation of User Choice against performance measures and benchmarks determined in 4. (a) (iii) and (iv) above.

(b) Phase 2 of the evaluation shall:

(i) Evaluate the outcomes of the implementation of User Choice using the approved measures, benchmarks and methodology determined as an outcome of 4 (a) (iii), (iv) and (v) above.

(ii) Provide an analysis of key issues arising from the evaluation of outcomes.

(iii) Provide advice on the implications of those issues for the Policy Statement and the continued operation of User Choice.

5. Outcomes

The outcomes of the evaluation will be a comprehensive report to ANTA at the conclusion of both Phase 1 and Phase 2 providing advice on the issues to be addressed in each Phase. The reports must include an executive summary and details of research methodology.

6. Methodology

When tendering consultants should provide details of the methodology they propose together with a detailed work plan. The methodology must include consultation with agencies involved in or affected by the implementation of User Choice including:

- State and Territory Training Authorities
- The Department of Education, Employment and Training and Youth Affairs
- Employers and employees
- Training providers
- Group Training Companies and other brokers of training
- Peak bodies
- Community groups.

The consultant will be required to take into account work in and the outcomes of related projects including a consultancy to establish the resource implications of implementing User Choice, a consultancy on the transition arrangements to apply for existing apprentices and trainees on implementation of User Choice and the work of the Performance Review Committee particularly in regard to the development of performance measures.

7. Project Management

The project consultant will report to ANTA. The Commonwealth, States, Territories and ANTA will provide:

- advice on the selection process for engaging the consultant
- on-going monitoring and evaluation of projects progress
- consultant briefings as required
- input into the final report.

The consultant will provide monthly progress reports to ANTA.

8. Timing

It is expected that work will commence by 31 July 1997.

The report on Phase 1 will be presented to ANTA by 31 August 1998 for consideration by Ministers in November 1998.

The report on Phase 2 will be presented to ANTA by 31 May 1999 for consideration by Ministers.

APPENDIX 5

ADDENDUM TO 1997 STATE AND TERRITORY PROFILE

Implementation of User Choice in New Apprenticeships

National Objectives	National Performance Standards	State Performance Standards
(i) Marketing		
Clients and providers understand what User Choice is and what it aims to achieve.	The national marketing strategy for User Choice is: • comprehensive • targeted to all stakeholders, including employers, providers, apprentices and trainees, school leavers and schools; and • is implemented.	Complementary State and Territory campaigns developed and implemented. These campaigns take into account the diverse nature of the audience.
[illegible]		
Clients are informed of training options available under User Choice and are able to participate in the new arrangements.	Details of training packages endorsed by the NTFC are disseminated to States, Territories and other major stakeholders.	Information available on alternative VET providers, training packages, aspects of training open to negotiation and funding arrangements developed and disseminated.
(iii) Choice		
Clients are able to choose providers who are responsive to their training needs.	Guidelines for customisation developed and agreed by NTFC and relevant industry by June 1997. A national framework for 'agreements' between clients and providers developed and agreed by States and Territories by June 1997. Information on the roles and responsibilities of brokers/ intermediaries developed and agreed by States and Territories by June 1997.	Choice available for clients in: • the selection, content and sequencing of modules; • timing, location and mode of delivery; • trainer/facilitator; • conduct of assessment; • evaluation of training; and • any customisation required. Standard agreements between clients and providers available for use.

National Objectives	National Performance Standards	State Performance Standards
(iv) Funding		
Funds are allocated to providers chosen by clients.	Principles for determining unit costs developed.	**Alternative resource allocation models developed.** Relevant unit costings developed which take into account notional benchmarks in the States and Territories. Administrative arrangements developed to ensure funds are allocated to provider chosen by client.
(v) Accountability		
The effectiveness of User Choice is monitored.	National evaluation of the User Choice implementation.	Instruments designed to: • record extent to which User Choice arrangements apply to training activity; and • conduct client satisfaction surveys. Grievance procedures developed and disseminated. Parameters for managing conflict of interest developed by States and Territories.

A Contract of Training

STATE LOGO

This page is NOT part of the *Training Agreement*.

What is a Training Agreement?

A *Training Agreement* is a legally binding agreement that allows an employer and an apprentice/trainee to enter into an apprenticeship or traineeship. The *Training Agreement* must be registered with your State Training Authority.

How to complete the agreement

The *Training Agreement* must be fully completed by the employer, the apprentice/trainee, and the parent or legal guardian if the apprentice/trainee is under 18 years. (The parent signing must be a legal guardian.) Accurate and truthful information must be provided by all parties to the agreement.

- Please write clearly, in BLOCK LETTERS and push firmly with a ball point pen. DO NOT use correction fluid.

Where do I send it?

Please return the copy marked xxxxxx of the *Training Agreement*, together with the *Training Program Outline* attached to it, to the xxxxxx in your state nominated on the back cover of this document. The completed form must be forwarded to the xxxxxx for registration within 14 days of the apprentice/trainee commencement. The employer should retain the 'Employer's copy', and the apprentice/trainee should retain the 'Apprentice/trainee copy'.

- **See 3.4 Note for further information on providing Training Program details.**

Further assistance

If you need help to complete this form, please contact your nearest xxxxxx in your state.

Commonwealth entry level training incentives

You may be eligible for Commonwealth entry level training incentives if you have employed an apprentice or trainee in an approved apprenticeship or traineeship. To claim these incentives, the (xxxxxx or 4th) copy of this form should be signed and lodged with the xxxxxx on completion of the probation period.

Privacy assurance

The information requested on this form is needed to meet the administrative requirements of the (*relevant act*) and may be used for statistical purposes. All information will be regarded as confidential by the xxxxxx. Agencies administering Commonwealth incentives keep personal information confidential but can disclose information on this form when required by law.

The following notes are included to help answer specific questions contained in the *Training Agreement*.

Apprentice/Trainee details

1.3 Prior achievements

- You may have completed a recognised Trade Certificate; Advanced/Technician or other Certificate; Associate Diploma; Undergraduate Diploma; Degree or Postgraduate Diploma. State here what qualification you have achieved.

1.3 Are you seeking recognition of competencies already held?

- You may be eligible to receive recognition of competencies you already hold that have been obtained during your working or educational life. You will be required to submit details of these competencies and may be required to undergo a recognition of prior learning process before these credits can be applied to this agreement. **Note: This includes previous time served as an apprentice/trainee.**

Employer details

2.1 Legal name of employer

- If you are a company incorporated under the Corporation Law, state the full name of the company and the ACN. If you are in a partnership, state the full names of all partners. If you are a sole trader, state your full name as the employer.
  If you trade under a business name, please state the full name/s of the owner/s of the business trading under that name.

2.2 What is the industry or principal activity conducted where the apprentice/trainee is employed?

- Describe in a few words the specific nature of main work undertaken in your business where the apprentice/trainee is employed e.g. 'aluminium window manufacture'.

3.2 Total number of qualified persons in the apprentice's/trainee's occupation where the on-the-job training is to take place.

- At the date of application, how many tradespersons were employed in that specific trade at the apprentice's workplace OR how many qualified persons were employed in that specific occupation at the trainee's workplace? The 'qualified' person must have sufficient experience and knowledge to be able to provide on-the-job training for an apprentice/trainee in the same occupation.

Employment and training details

3.1 Full-time or part-time apprenticeship/traineeship?

- It may be that the apprentice/trainee is still at school or not working full-time and/or is undertaking this apprenticeship/traineeship part-time. Please indicate if the apprenticeship/traineeship will be undertaken full-time or part-time.

3.1 Nominal training period

- This period will normally be shortened or extended by mutual agreement to correspond with the time required to attain the competencies that lead to the qualification.

3.1 Probation

- **If a probation period has not been specified in the relevant employment agreement or Award, please advise the period of probation.** The probation period is established by level of Qualification being sought by the person in training as in Part 2.4. (e.g. That is AQF levels 1 and 2 = 1 month probation, AQF levels 3–6 = 3 months probation.)

3.2 Name of nationally endorsed Training Package

A Training Package is a nationally endorsed set of competency standards, assessment guidelines, and qualifications.

- If you are using a nationally endorsed Training Package held on the National Training Information Service, you should provide that Training Package's name and also quote its registration number, if known.

3.2 Title of Qualification and Qualification Level

- If you are selecting a qualification included in the nationally endorsed Training Package, please state the full title of the qualification and the Australian Qualifications Framework (AQF) level (e.g. Certificate 3 in...).
  Note: A Training Program is a structured approach to the development and attainment of competencies for a particular AQF qualification within a Training Package.
  Note: All Training Agreements must have a *Training Program Outline* attached or if negotiations with the Registered Training Provider have not been completed at this stage, then the *Training Program Outline* must be sent to xxxx within 14 days of the end of the probation period.

The employer must:

- notify the apprentice/trainee of any choices available for undertaking the Training Program
- provide the agreed facilities and expertise to train the apprentice/trainee in the competencies as agreed in the *Training Program*
- ensure the apprentice/trainee receives on-the-job training, supervision, and assessment according to the requirements of the *Training Program*
- release the apprentice/trainee to attend any off-the-job training and assessment according to the requirements of the *Training Program*
- pay the wages, and provide the entitlements specified in the relevant employment agreement or Award
- discharge all other lawful obligations of an employer, including those related to safety
- forward the completed copy marked xxxxxx copy of the *Training Agreement* together with the *Training Program Outline* attached to the xxxxxx for registration as outlined in the explanatory notes
- notify the xxxxxx and the Registered Training Organisation within seven days if the agreement has become jeopardised or broken.

The apprentice/trainee must:

- attend work and observe the conditions of relevant employment agreement or award
- work towards achieving the competencies of the training program
- as instructed, undertake any training and assessment related to the training program
- acknowledge that all on-the-job instruction and any other material which comes into the apprentice/trainee's possession as a result of the training remains the property of the employer and all information obtained from the employer and given in circumstances of confidence must be kept confidential and not be used or disclosed to any person without the express approval of the employer.

While the apprentice/trainee is under 18, the parent or guardian must uphold the responsibilities listed above for the apprentice/trainee. When the apprentice/trainee turns 18, the parent or guardian is no longer a party to the agreement.

Both parties agree that:

- the *Training Program Outline* forms part of this agreement
- the agreement commences on the expiry of any probation period specified in the relevant employment agreement or Award or if no probation period is specified, then on the commencement date of training specified in Part 2.3 of this agreement
- the Training Agreement expires when any of the following events occur:
  - at the end of the nominal time period which is the expected time to be taken to conclude the training and achieve the qualification within limits specified in the Training Package or State/Territory legislation. Any dispute in relation to an extension or shortening will be referred to dispute mechanism clause that follows.
  - the apprentice/trainee ceases to be employed by the employer and following application to and acceptance by xxxxxx
  - the employer ceases to conduct its business in the normal course or disposes of the whole or any part of its business other than in the normal course of business, the employer goes into compulsory or voluntary liquidation (other than for the purpose of a company amalgamation or restructure) or any step is taken to appoint a controller, receiver, a receiver and manager, a trustee in bankruptcy, a liquidator, a provisional liquidator or administrator (whether voluntary or otherwise) or other like person of the whole or a substantial part of the employer's business and following application to and acceptance by xxxxxx
  - upon the xxxxxx ordering termination of the agreement provided any appeal mechanisms have been exhausted
  - upon order of the xxxxxx
  - upon mutual agreement of the parties on application and acceptance by the xxxxxx with accompanying evidence.
- in the case of trainees, the *Training Agreement* may be extended to cover Certificate 3 or higher outcomes with mutual agreement of parties. If this is the case, notify the xxxxx and ensure an approved Training Program, negotiated with the Registered Training Organisation, is provided to all parties.
- any material changes to the training agreement shall be notified to the xxxxxx within seven days of the change
- disputes between the parties in the first instance, should be attempted to be resolved by the parties but if such attempts fail, disputes shall be referred to the relevant xxxxxx. The decision of the xxxxxx is final and binding on the parties
- they are subject to audit by the xxxxxx or its delegate on any item in this agreement.

Both parties note that:

- the xxxxxx or Registered Training Organisation shall issue the specified qualification, or a Statement of Attainment on completion of some of the competencies only
- government allowances may be available where the apprentice/trainee has to travel away from home to attend training
- a range of Commonwealth, State and Territory financial support measures (including wage top-up) may be available from time to time
- the structured training component of all apprenticeships and traineeships is subject to User Choice arrangements which gives the employer and the employee the right to:
  - access accurate and timely information about training options from xxxxxx and registered training organisations
  - identify and select desired training outcomes from nationally endorsed Training Packages
  - negotiate training programs with Registered Training Organisations. Aspects of training open to negotiations (subject to Training Package requirements) include:
    - selection, content and sequencing of competency units
    - timing, location and mode of delivery
    - trainer/facilitator
    - who conducts the assessment
    - how the training is evaluated.
  - select the Registered Training Organisation of their choice.
- The *Training Program Outline* must indicate the Training Program to be undertaken and must also be completed and signed by the Registered Training Organisation and the employer.

For further information about the *Training Program Outline*, please contact xxxxx or the Registered Training Organisation of your choice.

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Please write in BLOCK LETTERS and push firmly with a ballpoint pen. DO NOT use correction fluid.

Reg. number (Office use only)

Apprentice/Trainee details

1.1 Personal information

Surname

Given names

Home address

▶ Check here that your writing has penetrated all copies

Postcode

Postal address (if different from above)

Postcode

Telephone Home Work

Country of birth

Date of birth Day Month Year

Male Female

Are you of Aboriginal or Torres Strait Islander origin? Yes No

Do you speak a language other than English at home? Yes No If *yes* please specify

Do you consider yourself to have a permanent and significant disability? Yes No

If yes please indicate Visual/sight Hearing Physical Intellectual Chronic illness

Other

1.2 If you are under 18 years of age, please provide information about your parent or guardian who will sign the *Training Agreement*.

Surname

Given names

Home postal address

Postcode

Telephone Home Work

1.3 Education, employment and training

Still at school? Yes No If *yes*, what year are you currently in at school?

Left school. What is the highest level of school education you have received? Year 12 Year 11 Year 10 Year 9 or lower

In which year did you complete that school level?

Since leaving school, have you **completed** any qualification? Yes No If *yes*, please specify

Recognition of prior learning. Are you seeking recognition of competencies already held? Yes No If *yes* please attach details of relevant education and training undertaken.

Have you completed pre-apprenticeship or pre-vocational training? Yes No If *yes* please attach details of relevant education and training undertaken.

Have you previously worked as an apprentice or trainee? Yes No If *yes* please provide previous registration number.

Please write in BLOCK LETTERS and push firmly with a ballpoint pen. DO NOT use correction fluid. xxxxxx copy

Employer details

2.1 Employer information

Legal name of employer

Trading name (if different from above)

Business/Postal address
▶ Check here that your writing has penetrated all copies
Postcode

Type of employer
Private Sector ☐ Group Training Scheme ☐ Govt Business Enterprise ☐ Local Govt ☐ State Govt ☐ Commonwealth Govt ☐
Other

Address where apprentice/trainee will be employed
Postcode

Name of contact person

Contact numbers
Tel Fax
Mobile E-mail

2.2 Details about the workplace environment

What is the industry or principal activity conducted where the apprentice/trainee is employed?

Total number of people employed full-time by the firm

Total number of qualified persons in the apprentice's/trainee's occupation where the on-the-job training is to take place.

Have you previously employed apprentices/trainees? Yes ☐ No ☐

Employment and training details

3.1 Employment arrangements

Name of agreement/Award

Type of employment arrangement
Award ☐ Industrial Agreement ☐

Date apprenticeship/traineeship commenced
Day Month Year
full-time? ☐ part-time? ☐ Nominal training period Months Probation period Months

3.2 Proposed training

Name of trade or occupation

Name of nationally endorsed Training Package (as listed on the National Training Information Service)

Title of Qualification and Qualification Level

All Training Agreements must have a *Training Program Outline* completed and *either* attached *or* provided within 14 days of the end of the probation period. **Is the *Training Program Outline* attached?** Yes ☐ No ☐

Agreement declaration

4.1 Agreement declaration.

We understand that this *Training Agreement* is legally binding and agree to be bound by this *Training Agreement* and the conditions and obligations detailed within. We confirm that the information provided is true and correct.

Apprentice/Trainee signature

Parent/Guardian signature (for apprentices/trainees under 18 years of age, otherwise optional)

Employer signature
Signature 82 Witness signature Day Month Year

Please write in BLOCK LETTERS and push firmly with a ballpoint pen. DO NOT use correction fluid.

Reg. number (Office use only)

Training Program

1.0 A Training Program is a structured approach to the development and attainment of competencies for a particular AQF qualification within a Training Package. Training Programs are developed by Registration Training Organisations, in conjunction with employers and trainees, to meet the requirements of the endorsed components of Training Packages. The delivery of the structured training for apprentices and trainees is agreed between the employer and the selected Registered Training Organisation (RTO).

1.1 The Training Program to be undertaken by the apprentice/trainee.

▶ **Either**

Please provide the name of the Training Program where it is:

- from the Training Package
- from an accredited course
- registered on the NTIS.

▶ **Or**

Provide details (see 1.2 on the reverse side of this form) of the units of competence (including unit codes) to be achieved in relation to the qualification identified in the *Training Agreement*.

Agreement between the Parties

2.0 The employer/employee can negotiate with the RTO over training arrangements that suit their needs. For the pupose of the *Training Program Outline*, the employer signs with the Registered Training Organisation, as an indication that they (the employer and the apprentice/trainee) were aware of their right to choose a RTO and of the options available to them for the delivery of the training, and were satisfied with the outcomes of negotiations with the RTO.

▶ Please ensure the Registered Training Organisation and the Employer have provided relevant details, including the name of apprentice/trainee. Both the RTO and the employer must sign the 'Agreement of Parties'.

2.1 Agreement of Parties

Under User Choice, the employer and employee have the right to negotiate training arrangements with the chosen Registered Training Organisation (RTO) that suits their needs, within the requirements of the relevant Training Package. These arrangements cover:

- ▶ selection, content and sequencing of units of competence
- ▶ timing, location and mode of delivery
- ▶ trainer/facilitator
- ▶ who conducts the assessment
- ▶ how the training is evaluated.

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The employer and employee are aware of the agreed arrangements in respect of each of the above matters.

Employee
Name of apprentice/trainee

Employer
Name

Business address

▶ Check here that your writing has penetrated all copies

Postcode

Signature of the employer

Signature

Day Month Year

Registered training organisation
Organisation name

Name of the representative

Business address

Postcode

Signature of representative of the organisation

Signature

Day Month Year

When does a *Training Program Outline* have to be completed?

All Training Agreements must have a *Training Program Outline* attached. The employer and the Registered Training Organisation must complete the requirements of the *Training Program Outline*. The *Training Program Outline* forms part of the *Training Agreement* and must be attached accordingly.

Training Program

1.2 Training Program

▶ Only complete this if you **haven't** already provided the name of the approved Training Program.
If the Training Program to be undertaken by the apprentice/trainee has been developed specifically or customised for your needs, please provide details of the units of competence (including unit codes) to be achieved in relation to the qualification identified in the *Training Agreement*.

Unit code	Units of competence

Approving authority

An approving authority may make determinations about the effect of training on productive time which forms the basis of progression through wage levels. Approving authorities may rely on information contained in the *Training Agreement* in making determinations.

These determinations may be used to calculate the minimum wage payable under an Australian Workplace Agreement or a Certified Agreement under the *Workplace Relations Act 1996*. Similar agreements may also be made under individual State/Territory industrial relations legislation.

Further information

▶ **Duis autemole**
Vonummy nibh
9 Aliquam Street
PO Box 1513 Milton 3064
Tel: (xx) xxxx xxxx
Fax: (xx) xxxx xxxx

▶ **Ceroeros**
Level 7, 18 Voluptat Street
Locked Mail Bag 670
Refissim 8583
Tel: (xx) xxxx xxxx
Fax: (xx) xxxx xxxx

Dolor sit amet
consectetuer adipiscing
Level 12, Etam Nonummy
80 Euismod Street
Locked Mail Bag 284
GPO Dignissim 6849
Tel: (XX) XXXX XXXX
Fax: (XX) XXXX XXXX

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  9 Aliquam Street
  PO Box 1513 Milton 3064
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  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Zzilt Dolenit**
  Consequat Floor
  27 Facilisi Street
  PO Box 13 Feugait 9874
  Tel: (XX) XXXX XXXX
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  9 Aliquam Street
  PO Box 1513 Milton 3064
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  Fax: (XX) XXXX XXXX
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  Level 45, 1 Volutpat Street
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- **Suffion Lanit**
  Consequat Floor
  44 Facilisi Street
  PO Box 13 Feugait 9874
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Luptatum**
  Level 7, 18 Volutpat Street
  Locked Mail Bag 670
  Gnissim 8583
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Praesent**
  Consequat Floor
  27 Facilisi Street
  PO Box 67 Feugait 9874
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Ceroeros**
  Level 12, 18 Volutpat Street
  Locked Mail Bag 670
  Fignissim 8583
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Mythaer**
  Level 34, 9 Volutpat Street
  Locked Mail Bag 6
  Dignissim 8583
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX

Level 45, 1 Volutpat Street
Locked Mail Bag 670
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Tel: (XX) XXXX XXXX
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  Consequat Floor
  44 Facilisi Street
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  Level 7, 18 Volutpat Street
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  Gnissim 8583
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Weryoum**
  Consequat Floor
  667 Facilisi Street
  PO Box 67 Yegait 1823
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX
- **Pikaron**
  Level 12, 18 Volutpat Street
  Locked Mail Bag 670
  Fignissim 3409
  Tel: (XX) XXXX XXXX
  Fax: (XX) XXXX XXXX

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Claim for Payment Page of the Training Agreement (4th copy)

Declaration Block

I hereby apply for training incentives for the employee who is the subject of this Training Agreement.

I declare that this apprentice/trainee has completed the probationary period and is registered with the State Training Authority.

I understand that any payments made to me, which are in excess of those for which I am eligible, shall be refunded by me to the Commonwealth. Until repaid, any such payments shall constitute a debt due and owing to the Commonwealth.

Signature of employer or authorised representative

Date

Full Name

Position

May 1997

Report to the ANTA Board on

National Principles for Group Training

ANTA Board
Advisory
Committee on New
Apprenticeships

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1. EXECUTIVE SUMMARY

This report contains a set of national principles and recommendations for group training proposed by the ANTA Board Advisory Committee for consideration by the ANTA Board. These principles and recommendations are designed to facilitate the expansion of apprenticeships and traineeships, as part of the achievement of the goals of New Apprenticeships.

In September 1996, Ministers for Vocational Education and Training endorsed proposals by an Industry Reference Group on MAATS which recommended particular approaches to reforming the apprenticeship and traineeship system. The report recognised group training as an important player in improving the performance of this system, in boosting the number of apprenticeship and traineeship opportunities for young people and increasing the participation of Australian industry in vocational education and training.

A public consultation process was conducted by the Australian National Training Authority and State and Territory governments on behalf of the ANTA Board Advisory Committee, to ascertain whether group training policies needed to be realigned to ensure consistency with proposals for the reformed apprenticeship and traineeship training system, known as New Apprenticeships.

Consultation processes focused on the ability of current funding arrangements for group training to deliver significant growth in apprenticeship and traineeship numbers, a key principle of New Apprenticeships. An overwhelming number of participants in consultations, including Group Training Australia (GTA) (the national body representing group training schemes) considered that the current method for distributing funds under the Joint Policy acts as a disincentive for growth. On the basis of these responses, it is proposed that the existing method of providing support to group training providers through an operational support grant be replaced by government purchasing arrangements with a stronger outcomes focus. It is recommended that a per capita funding formula be developed, as a joint government exercise with involvement by GTA.

The issue of purchasing from any organisation able to provide quality group training services received widespread comment. The advantages of creating a more competitive environment and enhancing coverage were balanced against such concerns as the ongoing viability of some group training schemes in limited markets. Consequently, it is proposed that States/Territories consider extending their purchasing arrangements to other potential providers according to regional needs and priorities.

The consultation process identified a range of other roles that group training schemes may wish to perform to assist in the implementation of New Apprenticeships. These roles include becoming registered training

organisations, training and employment brokers and intermediaries between schools and industry. While it was generally believed that group training could provide valuable services in these areas, some of these functions raised conflict of interest and quality assurance issues. A number of proposals in this report are designed to address these concerns. There is also the question of how such functions should be funded. It is proposed that the Joint Policy funds, allocated via a per capita funding formula, focus on the employment of apprentices and trainees.

It should be noted that the proposals and recommendations made in this report relate principally to those activities that governments may choose to purchase or support. However, it is recognised that industry is the primary client of group training schemes and that there will be a range of other services that it may wish to purchase from schemes on a fee for service basis.

The following section summarises the proposals and recommendations arising from consultations. Section three deals with the background and purpose of this report. The remainder of the document discusses each of the major issues raised in consultations and provides a summarised analysis of verbal and written submissions. This analysis sets the context for the proposals and recommendations.

2. SUMMARY OF RECOMMENDATIONS

Recommendation 1

It is recommended that Ministers adopt the following National Principles for Group Training:

Principle 1: The Ministerial Council affirms the role of group training in expanding and enhancing the quantity and quality of apprenticeship and traineeship opportunities by:

- enabling the employment of apprentices and trainees by small employers and other employers who are unable to provide the full range of experiences required by an apprenticeship or traineeship
- facilitating greater access to, and outcomes from, employment and training opportunities for members of client groups and by out of trade or unemployed apprentices
- rotating apprentices and trainees among host employers, thus enhancing the quality of their training experience
- managing and monitoring the training programs of apprentices and trainees.

Principle 2: The Ministerial Council affirms the critical role of group training in reforming and expanding apprenticeship and traineeship opportunities, as part of the achievement of the goals of New Apprenticeships.

Principle 3: Government purchasing arrangements for group training will:

- support and reward the greatest possible expansion of apprenticeship and traineeship opportunities
- be administratively simple and based on transparent processes
- be fair and equitable to all group training schemes and across all States and Territories.

Principle 4: The priority for group training will be to achieve the greatest possible overall expansion of apprenticeship and traineeship opportunities, rather than the growth of group training in a diminishing or slightly growing total market. Group training will therefore give priority to:

- building a client base among host employers who would not otherwise employ apprentices and trainees
- assisting out of trade apprentices and those apprentices who have been notified of redundancy as a result of industry restructuring, government downsizing or business failure
- small business, in recognition of the increasing importance of this sector to employment
- new industries and occupations, to facilitate the expansion of apprenticeships and traineeships to areas which have historically had little access to this type of training
- achieving equitable access to, and outcomes from, group training by members of client groups which have traditionally had poor outcomes from the apprenticeship and traineeship system.

Principle 5: Governments will ensure that data are available to monitor the overall expansion of apprenticeship and traineeship opportunities and access to, and outcomes from, group training by client groups.

Principle 6: Where group training schemes also operate as registered Training Organisations, they will be subject to State/Territory provider audit processes based on a risk management approach which gives appropriate priority to the audit of schemes in this category.

Principle 7: Where group training schemes combine the roles of Registered Training Organisations and training brokers, they will be subject to State/Territory provider audit processes based on a risk management

approach which gives appropriate priority to the audit of schemes in this category.

Principle 8: Group training has a significant role to play in assisting the implementation of New Apprenticeships in schools, according to local circumstances and decision making.

Recommendation 2

It is recommended that the allocation of Joint Policy funds by Governments be based on the employment of apprentices and trainees in group training.

Recommendation 3

It is recommended that the expansion of apprenticeship/traineeship opportunities be pursued through purchasing outcomes.

Recommendation 4

It is recommended that group training outcomes be purchased with a 'per capita' payment for each apprentice or trainee.

Recommendation 5

It is recommended that State, Territory and Commonwealth Governments adopt a nationally consistent approach for the establishment of per capita payments.

Recommendation 6

It is recommended that further work be undertaken to establish the appropriate per capita payment for each apprentice or trainee, taking into account the concerns expressed during the public consultations. This work should also consider the:

- quantitative and qualitative components of the outcome to be purchased and the distinction between the components which will be paid for by Governments and by industry, also taking into account Commonwealth employer incentives and wage subsidies
- real cost differences between providing group training services in different industry and regional sectors and with different individual apprentices and trainees, including those from client groups
- total amount of public funding available for group training.

Recommendation 7

It is recommended that further work be undertaken to establish effective ways to assist group training schemes overcome the constraints to growth which result from a lack of working capital.

Recommendation 8

It is recommended that the States/Territories consider purchasing group training outcomes from bodies which are outside the existing network of Joint Policy funded group training schemes and which can meet established performance standards.

Recommendation 9

It is recommended that the contribution of group training in the following areas will be monitored at State/Territory and national levels:

- the overall expansion of the number of apprenticeships and traineeships
- equitable access to, and outcomes from, group training for members of client groups.

Recommendation 10

It is recommended that further work be done to develop and implement specific strategies to:

- support the uptake of apprenticeships and traineeships by small businesses, including those addressing concerns about worker's compensation premiums
- support the uptake of apprenticeships and traineeships in new industries and occupations
- promote the access to, and outcomes from, group training for client groups.

Recommendation 11

It is recommended that, subject to the endorsement of the National Principles and Recommendations in this Report, an implementation plan be developed and agreed by ANTA, the States/Territories and the Commonwealth to ensure the effective transition to the new arrangements for group training.

Recommendation 12

It is recommended that ANTA, the States/Territories and the Commonwealth agree on a timeline for implementation of the new arrangements.

3. BACKGROUND AND PURPOSE

3.1 Modernising the Australian Apprenticeship and Traineeship System

The ANTA Ministerial Council (MINCO) is committed to the reform of the apprenticeship and traineeship system. (Proposals for this reform were formerly referred to as the Modern Australian Apprenticeship and Traineeship System and are referred to in this report as proposals for New Apprenticeships).

In September 1996, MINCO endorsed proposals by an Industry Reference Group about specific aspects of New Apprenticeships. These proposals aim to make 'training, especially at the entry level, a more attractive business proposition for a much wider range of enterprises. This will expand employment and career opportunities, especially for young people, and increase the international competitiveness of Australian enterprises through enhancing workforce skills' (Industry Reference Group, 1996). Ministers also agreed that group training would play a key role in the achievement of this aim.

In its 1996/97 Budget Statement, the Commonwealth Government recognised group training arrangements as 'ideally placed to promote and facilitate the expansion of apprenticeships and traineeships'. The Budget Statement indicated that the role of group training would be expanded and strengthened to provide a flexible, high quality, multiple workplace training network. The primary goal of this expanded network will be to treble the numbers of additional apprentices and trainees in group training over the next three years.

To support the expansion of group training, the Commonwealth Government intends to allocate an additional $9 million in Joint Policy funding over the four years to June 30, 2000 and an additional $22 million in discretionary funding over the same period.

In this Report, the ANTA Board Advisory Committee, in its role of providing industry advice on New Apprenticeships to the ANTA Board, proposes a draft set of national principles and recommendations which aim to:

- remove any constraints on group training's contribution to the success of New Apprenticeships in general, and
- support trebling the number of apprenticeships and traineeships in group training in the most effective manner.

It is proposed that these principles and recommendations be applied to the State, Territory and Commonwealth funds currently distributed under the Joint Policy for Group Schemes. It is also proposed that these principles could

be useful for guiding the allocation of the Commonwealth discretionary funds.

The proposals in this Report are based on the findings of a public consultation process which included the distribution of 1000 copies of an Issues Paper entitled 'Taking Care of Business: Growth Through Group Training' and a series of meetings and public forums in most States and Territories. Further details about these meetings and forums and responses to the Issues Paper are listed in Appendix 1.

3.2 The Changing Environment of Group Training

In conjunction with the establishment of New Apprenticeships, the following factors have contributed to the imperative for a set of national principles for group training:

- concerns expressed by group training schemes about inequitable funding levels between schemes and between States/Territories
- requests for funds by group training organisations which do not currently receive funding under the Joint Policy and by other organisations which have the capacity to deliver group training services
- the changing industrial environment for group training including increasing specialisation by firms, the growth of sub-contracting and shortening of contract cycles
- the development of a more competitive training market, the introduction of User Choice and their implications for group training
- changes in the role of Governments and the way in which they conduct business.

These factors are specifically addressed in this Report.

3.3 Development of Proposed National Principles for Group Training

The process for the formulation of proposed national principles to underpin the growth in group training is depicted below.

May 1996 - ANTA Ministerial Council agreed to a series of reforms to the apprenticeship and traineeship system (formerly known as MAATS). Group training recognised as critical in achieving these reforms.

↓

February 1997 - Issues Paper entitled 'Taking Care of Business: Growth Through Group Training' circulated. Written submissions invited.

↓

March 1997 - Public consultation forums held (refer Appendix 1).

↓

May 1997 - Outcomes of consultation process to be reflected in a set of principles for group training to be considered by ANTA Ministerial Council.

4. GROWTH THROUGH GROUP TRAINING

4.1 Recognising the Contribution of Group Training

The report by the House of Representatives Standing Committee on Employment, Education and Training, entitled 'A Best Kept Secret, Report on the Role and Effectiveness of Group Training Companies', explored the genesis and history of group training arrangements. To quote the report, 'the group training concept developed in Australia in the late 1970s to increase the numbers of apprentices and improve the transfer of trade skills' (p 3).

Regional group training companies later emerged with a focus on improving employment and training opportunities for young people in their local communities. Over time, group training companies (later referred to as group training schemes) came to focus on both maintaining the numbers of apprentices and trainees and the quality of their training experience.

Since their inception, group training schemes have provided opportunities for small businesses to participate in the apprenticeship and traineeship system. More recently, changing economic circumstances and industrial restructuring (for example, greater global competition, shorter contract cycles, downsizing and outsourcing) have forced enterprises of all sizes to review their training practices. In traditional apprenticeship areas, this has led to a scaling down of apprentice recruitment. Group training schemes have played an important ameliorative role, their increased activity during this period countering the decline in apprenticeship employment.

The contribution by group training schemes also has qualitative aspects. For example, the rotation of apprentices and trainees among host employers of different sizes and specialities enhances the quality of training which a group training apprentice or trainee receives. In addition, as part of their core role, group training schemes provide pastoral care for apprentices and trainees,

arranging and monitoring their training program and assisting in the resolution of any difficulties.

The core role of group training schemes also includes facilitating greater access to employment and training opportunities for members of client groups and out of trade apprentices, a role which has both quantitative and qualitative elements.

As at June 1996, those group training schemes receiving an operational support grant under the Joint Policy employed some 20,000 apprentices and trainees, representing approximately 12 per cent of all contracts of training. This proportion illustrates how, within two decades, group training schemes have moved from being a marginal employer to becoming a mainstream player in the apprenticeship and traineeship system. At the same time, it should be recognised that group training schemes are diverse in terms of characteristics such as size and focus (for example, regional versus industry).

Given the success of the group training network in recruiting and rotating apprentices and trainees and the qualitative aspects of the service which schemes provide, it is recognised that group training will play an important part in achieving the objectives of New Apprenticeships, in particular increasing the number of apprenticeship and traineeship opportunities in both traditional areas and in new industries and occupations.

4.2 Achieving Growth

Many group training schemes also offer a range of employment and training services to firms which go well beyond their core roles, discussed in the preceding section of this report.

Such services include:

- pre-vocational training which provides workforce entrants with a range of basic work skills as well as enabling group training schemes to identify (on behalf of industry) those young people with a high potential for success in apprenticeships and traineeships
- accelerated, advanced skills and in-service training
- brokerage activities such as broking employment, broking training programs on behalf of other employers and broking work placements for senior secondary students who are undertaking apprenticeships and traineeships while they are still at school.

All of these employment and training services may be purchased by industry, the principal client of group training, and by Governments. The public consultation process canvassed the possibility that:

- when allocating Joint Policy funds, Governments could focus on purchasing the employment of apprentices and trainees, strengthening their core business and maximising the contribution of group training to the goals of New Apprenticeships

- Governments could purchase other activities currently undertaken by group training schemes using funds from sources other than the Joint Policy funds, for example training provision might be funded under User Choice arrangements

- when using Joint Policy funds to purchase the employment of apprentices and trainees in group training schemes, Governments could clearly identify the aspects of the service it wishes to purchase.

4.2.1 Results of Public Consultation

These issues raised little comment during the public consultations. Of the submissions which explicitly responded to the proposals in question, the majority supported this approach. This support was based in part on the belief that group training schemes have been distracted from their core activities to the detriment of their core business and that this should be corrected.

GTA has pointed out that while the diversification of group training schemes' activities initially occurred as a means of cross subsidising their core employment activity, it is now also pursued as a means of 'getting a foot in the door' and as a way of providing an attractive 'package deal' for employers. On this basis, GTA proposes that the core role of group training schemes be widened to include achievements in areas other than the employment of apprentices and trainees.

However, elsewhere in their submission, GTA reports that there are 'mixed feelings' about the core role of group training schemes and 'it all depends on the industries and regions within which Group Training Companies operate, and how they see themselves most efficiently serving those industries and regions' (p22).

Most of those who opposed the proposals in question did so on the basis that the workplacement brokerage undertaken by group training schemes is important to either the local community, schools or students and that financial support for this role should be given priority.

4.2.2 Conclusion and Recommendations

Given that the principal objective of group training is the expansion of apprenticeships and traineeships and that the core role of group training schemes should be accorded primary importance, it is proposed that

Governments focus on the employment of apprentices and trainees when allocating Joint Policy funds.

At the same time, it is recognised that User Choice arrangements provide an alternative funding source for training delivery activities which group training schemes may wish to undertake.

It is recommended that the following principles be adopted by Ministers:

Principle 1: **The Ministerial Council affirms the role of group training in expanding and enhancing the quantity and quality of apprenticeship and traineeship opportunities by:**

- **enabling the employment of apprentices and trainees by small employers and other employers who are unable to provide the full range of experiences required by an apprenticeship or traineeship**
- **facilitating greater access to, and outcomes from, employment and training opportunities for members of client groups and by out of trade or unemployed apprentices**
- **rotating apprentices and trainees among host employers, thus enhancing the quality of their training experience**
- **managing and monitoring the training programs of apprentices and trainees.**

Principle 2: **The Ministerial Council affirms the critical role of group training in reforming and expanding apprenticeship and traineeship opportunities, as part of the achievement of the goals of New Apprenticeships.**

It is recommended that the allocation of Joint Policy funds by Governments be based on the employment of apprentices and trainees in group training.

5. ACHIEVING GROWTH

5.1 Focusing On Outcomes

Industry, the principal client of group training, purchases the employment of group training apprentices and trainees by paying a 'charge out' rate levied by group training schemes.

Governments purchase this same 'group employment' outcome by providing:

- an 'operational support grant' to those schemes funded under the joint policy, to assist in meeting the costs of operating and administering the scheme

- an additional $1,000 training incentive for trainees at Level 2 and above, not available to employers other than providers of group training services.

State/Territory funding arrangements are generally related to outcomes although the proportion of funding which is explicitly linked to outcomes (as opposed to being a fixed minimum grant specifically to support administrative costs) varies from State to State. Similarly, the formulae used to determine the level of funding for individual schemes and the maximum funding ceiling vary across States/Territories.

Consistent with this, it is GTA's view that the current system of financial support under the Joint Policy is already outcomes based to the extent that individual Performance Agreements between group training schemes and State/Territory Training Agencies define specific targets to be achieved (GTA, p7).

However, GTA and others are concerned about the way in which the current arrangements result in wide variations in the effective 'price' per apprentice or trainee among group training schemes and among States/Territories. These variations, which do not appear to correlate with factors such as remoteness or demographic patterns, are illustrated below.

Joint Policy Funds 1995/96 and Apprentices and Trainees in Group Training at June 1996

State/Territory	Total Joint Policy Funds ($)	Total Apprentices / Trainees
New South Wales	2,194,510	4,713
Victoria	2,468,000	5,880
Queensland	3,023,000	4,702
South Australia	1,412,840	1,630
Western Australia	1,262,750	1,785
Tasmania	617,196	744
Northern Territory	270,000	355
Australian Capital Territory	409,620	358
Total	**11,657,916**	**20,167**

Source: ANTA, State/Territory Training Agencies

The funding levels listed in the above table reflect the varying levels of funding for individual group training schemes. Some examples are provided below.

Comparison of Costs for Sample Group Training Schemes

	Joint Policy Funds 96/97	Apprentices/Trainees at 30.6.96	Per capita
	Regional, large, non-metropolitan		
Example 1	$198,000	624	$317
Example 2	$180,500	313	$577
Example 3	$136,345	187	$729
	Regional, small, non-metropolitan		
Example 4	$125,000	160	$781
Example 5	$100,000	183	$546
Example 6	$118,435	157	$754
	Industry, large, metropolitan		
Example 7	$146,000	160	$913
Example 8	$140,000	359	$390
Example 9	$120,192	112	$1,073

Variations in the allocation of funding for group training, such as those outlined above have led GTA to conclude that 'the current method of distributing funds under the Joint Policy does not support the planned growth for group training' (p7).

5.1.1 Results of Public Consultation

The public consultations were used to canvass opinion about whether Governments could be purchasing group training outcomes in a more effective manner. The public forums specifically explored the option of replacing the current operational support grant, paid from Joint Policy funds, with a 'per capita' payment to group training schemes for each apprentice and trainee employed.

The public consultations emphasised the primacy of industry as the client of group training, that this fact had not been fully recognised in the Issues Paper and should be accorded more attention. The majority of the written submissions agreed that funding should be related to outcomes to a greater extent, principally on the basis that:

- the current funding process acts as a disincentive to growth either because it is paid as an administrative grant or because of the specific funding formula used

- the current funding process results in inequities in funding across group training companies. For example Construction Training Queensland noted that 'one Queensland Group Training Scheme with 620 apprentices/trainees receives $319 per person; whereas another with 180 apprentices and trainees receives $600 per person'

- the assumption of economies of scale which is built into some State/Territory funding formulae leads to a per capita reduction in the

administrative grant as schemes employ more apprentices/trainees. For example, the Queensland Hospitality Training Association Group Training Company notes in its submission that the funding formulae are a disincentive for growth and allow 'for "comfort" zones which do not encourage the need for increased performance.'

The small number of respondents who disagreed with a greater focus on purchasing outcomes through a per capita payment did so on the basis that such a model would disadvantage group training schemes in rural and remote areas.

With respect to establishing an appropriate 'price' per apprentice/trainee, there were three major issues of concern to respondents:

- the definition of outcomes should include both quantitative (for example, completion rates) and qualitative components (for example, matching trainees/apprentices with appropriate occupations, rotation among host employers, pastoral care and monitoring)
- the establishment of the appropriate 'price' should take into account the different costs of operating in different industries, different regions and for different client groups
- the timing of the payments should be structured so as to provide the appropriate incentives.

All of these 'pricing' issues featured strongly in the public forums, as did the way in which the current lack of working capital for group training schemes acts as a constraint to growth. Of particular concern were several verbal examples of group training scheme Boards explicitly limiting growth for this reason. This constraint was also raised, although to a lesser extent, in the written submissions.

In addition to highlighting the issue of working capital, GTA's submission identified a number of strategies 'designed to clearly identify outcomes and pay for them in a logical and nationally consistent manner', including the adoption of a nationally consistent formula for the calculation of financial assistance under the Joint Policy.

5.1.2 Conclusion and Recommendations

In view of the critical importance of the expansion of group training to the success of New Apprenticeships and the support expressed during the public consultations, it is proposed that a greater focus on outcomes be pursued through the establishment of a per capita payment for group training services. However, concerns that such a focus may present difficulties for some group training schemes, particularly those in regional, rural and remote areas, are recognised.

In addition to the concerns outlined above, the establishment of the appropriate per capita payment should take into account the:

- quantitative and qualitative components of a group training outcome and the need to distinguish between the components which will be paid for by Governments and by industry. Obviously, the broader the range of services Governments purchase, the greater the cost to Governments and the greater the potential for costs to be shifted to government from industry
- real cost differences between providing group training services in different industry and regional sectors and for different individual apprentices and trainees, including those from client groups
- total amount of public funding available for group training.

It is recommended that Ministers adopt the following principle:

Principle 3: Government purchasing arrangements for group training will:

- **support and reward the greatest possible expansion of apprenticeship and traineeship opportunities**
- **be administratively simple and based on transparent processes**
- **be fair and equitable to all group training schemes and across all States and Territories.**

It is recommended that the expansion of apprenticeship/traineeship opportunities be pursued through purchasing outcomes.

It is recommended that group training outcomes be purchased with a 'per capita' payment for each apprentice or trainee.

It is recommended that State, Territory and Commonwealth Governments adopt a nationally consistent approach for the establishment of per capita payments.

It is recommended that further work be undertaken to establish the appropriate per capita payment for each apprentice or trainee, taking into account the concerns expressed during the public consultations. This work should also consider the:

- **quantitative and qualitative components of the outcome to be purchased and the distinction between the components which will be paid for by Governments and by industry, also taking into account Commonwealth employer incentives and wage subsidies**

- **real cost differences between providing group training services in different industry and regional sectors and with different individual apprentices and trainees, including those from client groups**

- **total amount of public funding available for group training.**

It is recommended that further work be undertaken to establish effective ways to assist group training schemes overcome the constraints to growth which result from a lack of working capital.

5.2 Who will Group Training Services be Purchased From?

There are a number of group training schemes which do not receive an operational support grant under the Joint Policy. These schemes fund their operations via fees charged to host employers, as well as the Commonwealth government apprentice and trainee incentives and subsidies.

ANTA receives enquiries from community groups, private training providers, State ITABs, TAFE colleges and other organisations who wish or intend to obtain Government funding to establish a group training scheme or to provide group training services as an adjunct to their current operations and a service to their industry.

5.2.1 Results of Public Consultation

Opinion was canvassed during the consultation process regarding the purchasing of group training services from outside existing Joint Policy arrangements. Approximately the same number of submissions supported the purchasing of group training services from organisations other than existing Joint Policy funded schemes as opposed it.

In general, this proposal was supported by training providers (including TAFE colleges) and opposed by most (but not all) group training schemes.

Those who supported the proposal did so largely on the basis that it would:

- boost growth in numbers of apprentices and trainees in group training

- create a fairer system and a 'level playing field'

- foster improvements in quality.

Recognising the implications of the development of the competitive training market, GTA has given heavily qualified support to this proposal stating that 'it would be naïve to expect that group training could be a completely closed market'.

Those organisations which opposed or had reservations about the proposal to change this aspect of group training were principally concerned that:

- organisations other than existing group training schemes (especially profit making bodies) would be motivated primarily by money and not maintain the same standards or the same focus on core activities or community service which current schemes claim to have
- the viability of regional schemes, including those in rural and isolated areas, would be jeopardised
- it would increase the potential for failure of schemes which in turn could harm the current image of, and confidence in, group training companies.

At the public forums, group training companies echoed these concerns.

5.2.2 Conclusion and Recommendation

Concerns about the decline in the standard and reputation of the group training service are noted and it is proposed that outcomes only be purchased from those bodies which are capable of providing services of the required standard, via the establishment of performance standards.

It is also noted that a number of group training schemes already operate outside the Joint Policy arrangements and that this number is likely to increase. It is proposed that purchasing outcomes from any organisation with a demonstrated capacity to deliver group training services of the required standard, whether or not those organisations currently receive Joint Policy funding, is more consistent with the principles of fairness and equity across all group training schemes and supporting overall growth in apprenticeships and traineeships. However, the extension of the Joint Policy arrangements should be managed carefully by the States/Territories to ensure that:

- growth in the number of apprenticeships and traineeships is achieved
- the viability of group training schemes currently operating in thin markets, particularly rural and regional areas, is not jeopardised.

It is recommended that the States/Territories consider purchasing group training outcomes from bodies which are outside the existing network of Joint Policy funded group training schemes and which can meet established performance standards.

6. PRIORITIES FOR GROUP TRAINING

6.1 Expanding Australia's Skills Pool

Current group training policy aims to limit the substitution of training opportunities provided by enterprises with training opportunities provided by group training schemes. The public consultation process explored the issue of substitution in general terms and proposed some specific measures to minimise its effects.

Many respondents believed that substitution is the inevitable outcome of industry restructuring. In the words of the Group Training Association of New South Wales 'many organisations are no longer in a position to offer longer term positions to apprentices due to the changing nature of contracted work and tender submissions, uncertainty of work with a resultant loss of positions. The lost positions are in some cases picked up by group training in a safety net role.' Nevertheless, the majority of respondents believed steps should taken to minimise substitution.

Among these respondents there was little commonality regarding specific action to be taken. Some suggestions included:

- close monitoring
- funding 'disincentives' to placing apprentices and trainees with large employers be put in place
- subsidies now provided to group training companies should be available to employers who employ apprentices and trainees.

The smaller number of respondents who did not agree that specific steps should be taken generally believed that all the substitution which is occurring is the result of industry restructuring. As group training schemes are therefore picking up training opportunities which would otherwise be lost altogether, these respondents argue that the issue should be ignored.

Comments made in the public forums, which were largely attended by group training schemes, strongly supported this latter view. This is also the view of GTA who cite several examples of industry restructuring with ramifications for group training, most notably that 'since September 1995, all Victorian government departments and instrumentalities employed apprentices via group training'. GTA also considers that priority should be given to assisting out of trade apprentices and those apprentices who have been notified of redundancy as a result of industry restructuring, government downsizing or business failure.

6.1.1 Conclusion

The submissions received during the public consultation process reflected the complexity of the substitution issue. It is recognised that group training can reduce the decline in apprenticeship numbers by securing the involvement of employers who might otherwise withdraw altogether. Based on current methods of distributing Joint Policy funds, it is estimated that the cost to the Government in 1996/97 will range between $400 and $1200 per apprentice or trainee (in Joint Policy funds only). While this is a valuable contribution, it is also recognised that it entails:

- shifting the risk inherent in employing an apprentice or trainee in their own right, and in some cases, part of the cost of doing so, from private enterprises to Government
- where public sector agencies are involved, shifting the cost of employing an apprentice or trainee from one part of Government to another.

On the basis that the Government's objective is that public funding for group training should make the greatest possible contribution to the overall expansion of the training system, it is proposed that the allocation of public funding for group training must give priority to those host employers who would not otherwise employ an apprentice or trainee. Arising from a recent ANTA funded research project, GTA has developed a number of strategies (described in GTA's Growth Strategy and in Dench McLean, p 52) which aim to expand the host employer base of group training schemes.

Recognising that the definition and identification of substitution at the enterprise level is so problematic, it is also proposed that the contribution of group training to the expansion of apprenticeships and traineeships be monitored at a State/Territory and national level. The purpose of this monitoring is to ensure that group training contributes to the overall expansion of apprenticeship and traineeship opportunities rather than the growth of group training in a diminishing or only slightly growing total market. Ultimately, the success of group training will be judged in terms of its contribution to the growth of the overall system.

6.2 Small Business

Small enterprises are increasing in importance as a source of employment opportunities. For example, small business as a share of total employment (including the public sector) has risen from 39% in 1985/86 to 45% in 1993/94 (Australian Bureau of Statistics). However, the employment of apprentices and trainees by these employers is often constrained by their inability to make the required employment or training commitments. It is widely recognised that group training schemes can and do assist small business to overcome this constraint, and thereby expand apprenticeship and traineeship opportunities.

GTA has pointed out that group training already focuses on small business, particularly those businesses with less than five employees.

6.2.1 Results of Public Consultation

The participation of small business in apprenticeships and traineeships was specifically addressed during the consultations. Two thirds of respondents affirmed the need for specific strategies to achieve greater penetration of the small business sector by group training. Two themes running through submissions were the need for a concerted marketing campaign targeted to small and medium sized businesses and the need for public funding to incorporate incentive payments which reward placements with small host employers.

One respondent commented that the market was overcrowded with intermediaries and that group training companies should be charged with providing a complete service to small businesses. This sentiment was echoed by GTA.

GTA also identified the high on-costs associated with employing apprentices, particularly worker's compensation, as a disincentive for small enterprises and recommended that there be a government funded national workers' compensation policy to cover all apprentices and trainees.

6.2.2 Conclusion

The considerable success already being achieved by group training in the small business area is recognised and it is proposed that priority should continue to be accorded to this area.

At the same time, the range of views about the most effective ways to further promote this priority are acknowledged as is the importance of ensuring that the per capita payment for outcomes primarily reflects the real cost differentials arising from operating in different industry sectors and regions and with different individual clients.

For these reasons, it is proposed that further work be done to identify effective strategies for addressing this issue, using the suggestions of respondents as a starting point.

6.3 New Industries and Occupations

The average annual employment growth rate for trade occupations to the year 2001 is predicted to be relatively low (DEETYA). In industries where apprenticeships have traditionally been offered, employment based structured training in occupations outside the declared trades has not been available.

On the other hand, service industries, which have traditionally had little access to employment based training arrangements, are growing in economic importance.

Group training is well placed to assist the introduction of employment based structured training into new industries and occupations, drawing on the opportunities created by growth in the service industries and by the development of Training Packages.

6.3.1 Results of Public Consultation

Almost all of the submissions which addressed this issue recognised a need for arrangements which sponsor a greater industry, occupational and geographical coverage by group training. Respondents varied in their views about the best approach to extending this coverage. There was no consensus of opinion as to whether expansion into underserviced industry or occupational areas should primarily occur through existing schemes or the establishment of new schemes or whether new companies should receive seed funding.

Several respondents believed expansion into new areas could be stimulated by incentive payments to those group training schemes which targeted new areas.

It was GTA's view that the expansion of group training could be facilitated by the funding of a series of strategies, designed to increase group training's host employer base and lift their market share (encompassed in GTA's 'Growth Model').

6.3.2 Conclusion

Given that the goal of New Apprenticeships is the expansion of apprenticeships and traineeships to new industries and occupations, it is proposed that priority be accorded to this area. However, the range of views about the most effective ways to promote this extension are acknowledged as is the difficulty of defining a 'new' industry or occupation and the importance of ensuring that the per capita payment for outcomes reflects the real cost differentials arising from operating in different industry sectors and regions and with different individual clients.

For these reasons, it is proposed that further work be done to identify effective strategies for addressing this issue. By way of example, such strategies might include marketing strategies or the provision of seed funding for the establishment of services in industries which are not currently serviced by group training.

6.4 Equitable Access and Outcomes

The core roles of group training schemes funded under the Joint Policy for Group Schemes currently include providing access to vocational education and training for client groups which are under represented in contracts of training (women, Aboriginal and Torres Strait Islander people, those from non-English speaking backgrounds and people with disabilities).

Analysis of some performance indicators for the participation of people from client groups in group training suggest that these arrangements are not proving to be an effective mechanism for improving participation by members of client groups in apprenticeships and traineeships. These findings are not accepted by GTA and will be further investigated as a joint ANTA/GTA exercise.

6.4.1 Results of Public Consultation

Almost all of the submissions which addressed this issue expressed the need for arrangements to facilitate access and equity objectives. Many submissions emphasised the need for adequate resourcing to underpin the participation in, and outcomes from, group training for people from client groups. Several respondents believed the most effective way to achieve these outcomes was to include in purchasing arrangements a loading for outcomes associated with client groups. There were differing views as to the usefulness of setting performance targets in relation to the level of participation by equity groups.

In addition, many respondents stressed the lack of expertise within group training companies to deal with access and equity issues and suggested strategies for improving the capacity of group training schemes in this area.

GTA's view was that the payment of the Disabled Apprentice Wage Support should be reviewed and increased and that their own 'Growth Model' be adopted.

6.4.2 Conclusion

Merit is recognised in all the strategies outlined above and priority should be given to achieving equitable access to, and outcomes from, group training by all client groups. The additional costs associated with the recruitment and ongoing employment of apprentices and trainees from these groups are noted and should be reflected in per capita payments for outcomes. This proposal is incorporated in the recommendations in section 4.2. The achievement of this goal should be monitored on a statistical basis at the national and State/Territory levels.

6.5 Recommendations

It is recommended that the following principles be adopted:

Principle 4: **The priority for group training will be to achieve the greatest possible overall expansion of apprenticeship and traineeship opportunities, rather than the growth of group training in a diminishing or slightly growing total market. Group training will therefore give priority to:**

- **building a client base among host employers who would not otherwise employ apprentices and trainees**
- **assisting out of trade apprentices and those apprentices who have been notified of redundancy as a result of industry restructuring, government downsizing or business failure**
- **small business, in recognition of the increasing importance of this sector to employment**
- **new industries and occupations, to facilitate the expansion of apprenticeships and traineeships to areas which have historically had little access to this type of training**
- **achieving equitable access to, and outcomes from, group training by members of client groups which have traditionally had poor outcomes from the apprenticeship and traineeship system.**

Principle 5: **Governments will ensure that data are available to monitor the overall expansion of apprenticeship and traineeship opportunities and access to, and outcomes from, group training by client groups.**

It is recommended that the contribution of group training in the following areas will be monitored at State/Territory and national levels:

- **the overall expansion of the number of apprenticeships and traineeships**
- **equitable access to, and outcomes from, group training for members of client groups.**

It is recommended that further work be done to develop and implement specific strategies to:

- **support the uptake of apprenticeships and traineeships by small businesses, including those addressing concerns about worker's compensation premiums**

- **support the uptake of apprenticeships and traineeships in new industries and occupations**
- **promote the access to, and outcomes from, group training for client groups.**

7. THE ENVIRONMENT FOR GROUP TRAINING

7.1 The Competitive Training Market

Governments are now moving to facilitate the development of a competitive training market, in part through the introduction of User Choice. Ministers' decision to introduce User Choice as the funding mechanism for apprenticeships and traineeships from 1 January 1998 raises several issues for group training.

Firstly, as employers, providers of group training services will be able to choose, in conjunction with their apprentices/trainees, which registered training provider will deliver their off the job training. They will also be able to negotiate with their chosen training provider regarding the content of the training program and the location and timing of training.

Secondly, the implementation of User Choice, along with the establishment of Registered Training Organisations as part of the Australian Recognition Framework and the introduction of Training Packages will extend opportunities for providers of group training services to undertake training delivery.

A number of group training schemes already provide training or have common management with training providers (such as skill centres) and therefore have strong relationships with them. In the main, these bodies have not been able to attract public funds for the provision of the off the job component of an apprenticeship. However, the implementation of User Choice and the Australian Recognition Framework potentially means that organisations contracted to provide group training services could also be Registered Training Organisations and therefore eligible to receive public funding as the training provider of choice.

The question of transparency and potential conflict of interest arises when a group training service recommends itself as the most appropriate training provider for its own employees. This is an issue which will increasingly arise as employers opt to register themselves as training providers for the purposes of training their own employees. In this situation, an employer who offers group training services would be no different from any other employer who is also a Registered Training Organisation.

It should also be noted that Registered Training Organisations will have regulatory responsibilities under the Australian Recognition Framework. If providers of group training services become Registered Training Organisations then they too will assume these responsibilities.

7.1.1 Results of Public Consultation

A small minority of participants in public consultations believed that conflict of interest issues could not be adequately managed and hence group training schemes should be prohibited from becoming Registered Training Organisations.

There was also some concern expressed that thin markets (such as rural areas) may not be able to sustain additional training providers. However, this view was countered by other respondents who believed that if group training schemes also provided training, this would be a valuable service to those rural areas where there is currently no choice beyond the public training provider. The User Choice Taskforce has considered this issue, proposing to manage by exception.

The majority of respondents were satisfied that conflict of interest could be managed although views on the extent of management required varied. Some respondents considered that existing arrangements, training system reforms and changes to group training proposed in the Issues Paper would be sufficient safeguards against conflict of interest. For example:

- separate incorporation already required for group training schemes and associated skill centres would help ensure a separation of interests
- the decision by government to purchase off the job training from a range of training providers would place competitive pressure on group training schemes acting as training providers which would in turn ensure quality
- the suggested option in the Issues Paper to purchase group training services outside of the existing network would also create the competitive environment necessary to produce high standard training outcomes from group training schemes acting as training providers
- the exercise of choice by an employer purchasing services from a group training scheme in itself is a judgement about quality, as host employers are purchasing an employment and training package.

Others believed that there is a need for fairly comprehensive processes to ensure the standard of the training service and that both host employers and apprentices/trainees have a role in determining the training provider of choice.

7.1.2 Conclusion and Recommendations

It is recognised that the majority of participants believe any potential conflict of interest issues arising from providers of group training services also acting as registered training organisations under the new User Choice arrangements are capable of being managed. In this instance, it was considered that conflict of interest should be managed in the same way as it would be for any other employer who is also a training provider.

It is recommended that the following principle be adopted:

Principle 6: Where group training schemes also operate as registered Training Organisations, they will be subject to State/Territory provider audit processes based on a risk management approach which gives appropriate priority to the audit of schemes in this category.

7.2 Training Brokerage

Some group training schemes currently undertake training brokerage. Training brokers will be important to the success of User Choice. Without them, smaller employers may not participate in the market because of the perceived maze of providers and products. Brokers acting as the agent of a number of small to medium sized enterprises may also have greater purchasing power than an individual enterprise.

Group training schemes currently act as training brokers, advising their host employers about non apprentice/trainee training. These activities are partially funded by their operational support grant. Given the earlier proposal to move to a per capita payment for direct employment of apprentices/trainees only, and that training brokers will be important to the success of User Choice, it will necessary to identify how training brokerage will be rewarded.

In addition, the question of conflict of interest may arise when providers of group training services acting as training brokers (and who are also Registered Training Organisations) recommend themselves as the preferred training provider. A Statement on the Roles and Responsibilities of Brokers will be considered at the May 1997 Ministerial Council meeting.

7.2.1 Results of Public Consultation

Almost two thirds of the submissions addressing this issue stated that training brokerage was an acceptable role for group training schemes although a number of these submissions asserted the need for quality standards and procedures. Roughly one quarter of submissions addressing this issue were adamantly opposed to this role for group training schemes,

citing as reasons conflict of interest problems, an already overcrowded market of 'third parties' and the need for group training schemes to concentrate on their core role as providers of apprenticeship and traineeship placement.

7.2.2 Conclusion and Recommendations

The consultation process shows that there may be value in individual group training schemes operating as training brokers under the new User Choice arrangements, although consideration needs to be given to managing conflict of interest in the same way as it would be for any other organisation which combines the roles of a Registered Training Organisation and training broker.

It is recommended that the following principle be adopted:

Principle 7: **Where group training schemes combine the roles of Registered Training Organisations and training brokers, they will be subject to State/Territory provider audit processes based on a risk management approach which gives appropriate priority to the audit of schemes in this category.**

7.3 The Employment Service Market

The Commonwealth Government is introducing reforms to the employment service market which will come into full operation from December 1997.

Entry level training support services will be one feature of the reformed market. Their objective will be to provide a comprehensive support service to employers and apprentices/trainees on a regional or sectoral basis.

Providers of group training services, like any other incorporated organisation, will have the opportunity to tender for the Commonwealth's proposed entry level training support services.

7.3.1 Results of Public Consultation

Through the consultation process, many group training schemes signalled their intentions to become involved in these support services.

As mentioned earlier in this report, the Commonwealth also provides employers with incentive payments for the employment of apprentices. It is common practice for group training schemes to pass on these payment to host employers in the form of discounted charge out rates. This matter was raised on numerous occasions during the public consultations. One respondent believed that the charge out rates of some schemes were too high because the employer incentive payments were not being fully passed on to host employers.

7.4 Other Commonwealth Programs

A number of respondents expressed concerns about the changes proposed in the 1996-97 Federal budget. In brief, these changes were that from 1 January 1998 progression and additionality payments for apprentices placed with employers of over 100 employees would be terminated. The concerns included:

- the reduction in income for group training schemes
- the unhelpful signals the decision sends in light of the Commonwealth's commitment to expand the number of apprenticeships and traineeships
- the lack of financial incentive for group training schemes to employ out of trade apprentices
- higher charge out rates for third and forth year apprentices, making it more difficult to secure work placements for them.

The Government has recognised these concerns and the Commonwealth is presently reviewing proposed changes to employer incentives and subsidies.

7.4.1 Conclusion

The consultation process revealed widespread support for the decision by the Department of Employment, Education, Training and Youth Affairs to allow group training schemes to tender for the delivery of entry level training support services.

The concern expressed in consultation processes regarding the termination of particular Commonwealth employer incentives and subsidies is noted.

7.5 Vocational Education and Training in Schools

Students who are undertaking vocational education and training at school but are not under a contract of training with an employer will require work placements. Providers of group training services could facilitate work placements for senior secondary students involved in recognised vocational programs by contracting with schools to:

- employ students wishing to commence an apprenticeship or traineeship
- arrange work placements with other employers.

7.5.1 Results of Public Consultation

There was a divergence of views on the extent to which group training schemes should be involved in these activities. Some respondents were concerned that involvement would be a distraction from the core business of schemes. On the other hand some believed it should be a central activity

while others adopted the position that group training schemes should participate if it was appropriate for the local circumstances.

Many respondents commented on the expertise group training schemes would bring to such a role, for example 'because of their well established links with industry and unions group training companies can facilitate early employment, rotation, additional training and provide a conduit between host employers, schools, parents and the trainee'. A joint venture between the Australian Student Traineeship Foundation, schools and group training was suggested. However, some respondents believed that the appropriateness of group training involvement in vocational education and training in schools would vary according to local circumstances.

In its submission, the Australian Student Traineeship Foundation noted the strong co-operative links between the Foundation and group training. The Foundation views group training as an important workplacement broker for New Apprenticeships in schools though it asserted that the Foundation should not be restricted to group training schemes when contracting work placement services.

A range of views were expressed in relation to the funding source for group training involvement in schools.

7.5.2 Conclusion and Recommendation

Many group training schemes expressed strong enthusiasm for involvement in vocational education and training in schools given that they are well placed to act as intermediaries between school and industry. However, local circumstances will determine the importance of this role to individual group training schemes.

It is proposed that the following principle be adopted:

Principle 8: Group training has a significant role to play in assisting the implementation of New Apprenticeships in schools, according to local circumstances and decision making.

8. TRANSITIONAL ARRANGEMENTS

8.1 Timelines for Implementation

Effective transitional arrangements for the implementation of recommendations proposed in this Report are essential to ensure the success of group training in achieving the objectives of New Apprenticeships.

A planned, appropriately paced approach will enable:

- group training schemes currently funded under the Joint Policy to make any operational, organisational or management changes necessary in light of new government purchasing arrangements
- the gradual renegotiation of performance agreements with Joint Policy funded group training schemes, especially where States/Territories have entered into triennial agreements
- the development of an appropriate funding approach in accordance with this report's recommendations, to be agreed by ANTA, the States/Territories and the Commonwealth, and associated administrative processes in each State/Territory. This will also require revisions to the Joint Policy for Group Training Schemes
- the consideration by States/Territories of the appropriateness of a more competitive supplier market within their respective jurisdictions and the development of associated policies and approaches to managing this market in the best interests of group training apprentices and trainees and host employers
- the development of processes to manage conflict of interest issues which may arise when providers of group training services are also Registered Training Organisations and training brokers.

8.1.1 Conclusion and Recommendations

For the reasons outlined above, effective transitional arrangements are required to implement the proposed recommendations for group training.

It is recommended that, subject to the endorsement of the National Principles and Recommendations in this Report, an implementation plan be developed and agreed by ANTA, the States/Territories and the Commonwealth to ensure the effective transition to the new arrangements for group training.

It is recommended that ANTA, the States/Territories and the Commonwealth agree on a timeline for implementation of the new arrangements.

9. CONCLUSION

The recommendations contained in this report primarily focus on ensuring that the policy framework for group training facilitates growth in

apprenticeship and traineeship numbers and promotes equitable access to public funds for the provision of group training services.

The ANTA Board Advisory Committee believes that the capacity of group training to increase apprenticeship and traineeship numbers will be greatly enhanced with the endorsement of a per capita funding approach together with the consideration by States/Territories of purchasing group training services from outside the existing network of group training schemes.

The recommendations also address the role of group training associated with other aspects of New Apprenticeships, such as User Choice, training and employment brokerage and vocational education and training in schools.

The Committee considers that all recommendations contained in this Report will strengthen the core role of group training schemes and their ability to contribute to the overall growth and increased performance of the apprenticeship and traineeship system.

REFERENCES

Australian Bureau of Statistics, *Small Business in Australia*, (Cat. No. 1321.0)

Dench McClean Associates, *Group Training Australia Growth Strategy 1996-2000*, November 1996

Department of Employment, Education, Training and Youth Affairs, *Labour Market for the Trades*, p (I)

House of Representatives Standing Committee on Employment, Education and Training, *A Best Kept Secret, Report on the Role and Effectiveness of Group Training Companies*, March 1995.

Report of the Industry Reference Group on the Implementation of the Modern Australian Apprenticeship and Traineeship System, September 1996, p1.

RESPONDENTS TO THE ISSUES PAPER

Submissions

Affirmative Action In Training Inc
Australian Capital Territory Vocational Education and Training Authority
Australian Chamber of Manufactures Group Training Scheme
Australian Council for Private Education and Training (New South Wales)
Australian Student Traineeship Foundation
Board of Vocational Education and Training, New South Wales
Box Hill Institute of TAFE
Central Area Region Training Scheme
Central West Group Apprentices Ltd
Chamber of Commerce and Industry of Western Australia
Construction Training Queensland
Credit Union Group Training Ltd (New South Wales)
Department of Employment, Training and Further Education (South Australia)
Department of Training and Education Co-ordination (New South Wales)
Department of Vocational Education and Training (Tasmania)
Engineering Employers Association SA
Food Industry Training Council (Western Australia)
Geraldton Regional College of TAFE
Group Training Australia (Queensland and Northern Territory)
Group Training Australia (South Australia)
Group Training Australia (New South Wales)
Group Training Australia (National)
GTA Human Resources Ltd/Hospitality Group Training Network Australia
Group Training Australia (Victoria)
Hospitality Training Assoc Group Training Company, Queensland
Hunter Group Training Ltd
Hunter Valley Training Company
Illawara Skills Development Ltd
InfoComp Training (Telecommunications, Postal Services, Information Technology, Printing Industry Training Advisory Body Ltd)
Key Training Centre, Tasmania
Link Employment and Training
Local Government Training Board Ltd, Tasmania
Macarthur Group Training Ltd
North West Institute of TAFE

Northern Cattle Traineeship Inc
Northern Territory University
PEER Skills Centre Inc, South Australia
PEER Training Inc, South Australia
Process Manufacturing Industry Training Advisory Board, Queensland
Queensland Chamber of Commerce and Industry
Queensland Electrotechnology Industry Training Council Inc
Retail Group Training and Employment Ltd
Retail Traders Association of New South Wales
Royal Melbourne Institute of Technology
Rural Industry Training Advisory Body Northern Territory Inc
South Australian Public Administration Industry Training Advisory Body
Spencer Gulf Regional Group Training Company
State Training Board, Western Australia
Sunraysia & Murray Group Training Ltd
TAFE Queensland (TAFE TEQ)
Tasmanian Group Training Ltd
The School of Mines and Industries, Ballarat
Tourism Group Training Australia
Townsville Regional Group Apprenticeship Service
Victorian Automobile Chamber of Commerce
Victorian Farmers Federation
Western Australian Department of Training
Western Australian Group Training Scheme Inc
Western Region Group Training Ltd
Western Sydney Regional Organisation of Councils Group Apprentices

Forums

Brisbane	♦ Group training schemes
Hobart	♦ Group training schemes
	♦ Private providers
Horsham, Victoria	♦ Group training schemes
Melbourne	♦ Australian Chamber of Commerce and Industry
Perth	♦ Group training schemes
	♦ Industry Training Advisory Bodies
Sydney	♦ Group training schemes
	♦ Australian Council of Trade Unions
	♦ Metal Trades Industry Association of Australia
Townsville	♦ Group training schemes